

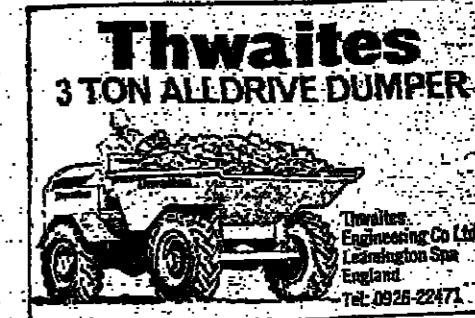
# FINANCIAL TIMES

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## NEWS SUMMARY

GENERAL

### Provos murder UDR clerk

The Provisional IRA claimed responsibility for the murder in Co. Armagh of 24-year-old Private Margaret Anne Hearst, a part-time clerk who worked for the Ulster Defence Regiment.

Private Hearst was shot in bed in a caravan in the grounds of her parents' cottage at Tyne, near Middletown, where she lived with her three-year-old daughter. Two gunmen, who later fled across the border into the Irish Republic, fired at a partition behind which the child was screaming.

Three Appeal Court judges will move to the Old Bailey today for security reasons to hear an appeal against conviction by the three Irishmen and a London woman jailed for life in 1975 for the Guildford and Woolwich public house murder bombings. Other Ulster news, page 3

### Cosmonauts set for rendezvous

The Soviet Union launched a two-man Soyuz 25 mission to join the Salyut-6 orbiting station, probably within two days. Mission Commander Vladimir Kovalyonok and Flight Engineer Valery Ryumin blasted off just after dawn from the same launching pad in Central Asia as the first Sputnik 20 years ago. Unconfirmed reports suggest that the cosmonauts may take a space walk.

### E. Berlin clash

Some 600 East Berlin youths shouted: "Russians, get out!" in clashes with police when about eight people were trapped after falling into a ventilation shaft during celebrations marking East Germany's 28th anniversary.

### A wee dram

Only a few pubs—mainly in the Stirling area—were open when for the first time in 100 years Scottish bars were allowed to serve drinks to Sunday customers. Many pubs were shut because of a dispute over Sunday pay with the Transport and General Workers' Union while some licensing Boards will not hear applications until later this month.

### Basque killers

ETA, the militant Basque movement dedicated to total independence of its homeland from Spain, has claimed responsibility for Saturday's assassination in Guernica of Sr. Augusto Ureña, the Vizcaya provincial governor, and his two Civil Guard escorts. Page 4

### Bank error

The Mellon Bank of Pittsburgh has filed a criminal complaint in Manila against a Filipino couple to whom it transferred \$1m, most of which has been withdrawn. It should have paid them \$1,000, but made a clerical error.

### Britons blamed

Amid speculation that Mr. Malcolm Fraser, Australia's Prime Minister, may call a general election before the end of the year, the National Country Party has renewed attacks on British shop stewards and Communist union leaders for the current state of strikes. Page 4

### Schoolboys' duel

A 14-year-old public schoolboy was "satisfactory" in hospital after receiving stomach wounds said to have been caused by a sharp implement, in a duel over a girl. His rival, a fellow boarder at St. Joseph's College, Ipswich, has been interviewed by police. Back Page

### Briefly . . .

Pope Paul canonised Lebanon's first saint, Father Charbel Makhlouf, who died in 1898. Turin: The River Po is close to bursting its banks as the flood toll in N.W. Italy reached 14 deaths. Jordan claimed that Iraq had hanged a Jordanian student. Motor-racing: Jody Scheckter of South Africa won the Canadian Grand Prix in a Ford. Page 7

BUSINESS

### Move to give small concerns tax aid

• TAX CHANGES to help small businesses—possibly to be introduced in next spring's budget—will be recommended soon by Mr. Harold Lever, Chancellor of the Duchy of Lancaster. Mr. Lever, who has been asked by the Prime Minister to investigate the problems of small businesses, will make the recommendation in the first part of a two-stage report.

Mr. Lever to-day starts an intensive round of meetings with industrialists, civil servants and other experts to try to produce some rapid solutions to be contained in the first-stage report. There will then be a longer inquiry stretching well into next year. Back Page

• LOANS to small businesses should be guaranteed by the Government to encourage private investment, according to the Association of Independent Businesses in a submission to be made to the Wilson committee on City Finance. Page 8

• CHANCELLOR, Mr. Denis Healey, will deliver an optimistic report on Britain's economic opportunities at a meeting of the National Economic Development Council to-day. But he will also warn that the future depends on an increase in investment and restraint on pay. Page 7

• JAPANESE car makers split over U.K. sales

• SHARP CONFLICT has arisen among Japanese car makers about how to share out their U.K. sales under their voluntary restraint agreement. Toyota has become restless. The car placed on its ambitions to challenge Datsun, and the small companies want the larger groups to give them more scope. Back Page

• LUCAS INDUSTRIES, which has been conducting a strong sales campaign in Japan, is making efforts to convince the Japanese that labour troubles will not prevent it from meeting orders for motor components. Page 5

• FORD Cortina regained its position as the best-selling car in Britain last month, followed by the Ford Escort and Leyland's Marina. Page 6

• ITALIAN Government has dropped plans to make a big cut in Government spending through cutting pension pay-outs, and will try to agree on alternative spending cuts to meet IMF requirements. Back Page

• INVESTMENT boost urged for plastics

• U.K. PLASTICS industry must commit itself soon to big new investments, if it is to stand a chance of wiping out its sizeable trade deficit with the rest of the EEC, according to a report prepared for the National Economic Development Office. The report is likely to cause great controversy in the industry. Back Page

• DISPUTE at the British Sugar Corporation could lead to a sugar shortage next year, according to a union official. Unions representing process workers, some of whom are refusing to take in the beet harvest, have walked out of talks on a productivity scheme and will discuss a proposal to widen a work-to-rule. Back Page

• IMPORT CONTROLS are not the way to deal with Britain's economic problems, says a Fabian Society pamphlet. The author, Vincent Cable, says subsidies to help industry adapt might be better than tariffs or quotas. Page 7

• ARCHITECTS' incomes rose by only about 6 per cent in the year to last June, while price inflation was nearly 18 per cent, according to the Royal Institute of British Architects. Page 7

• FEATURES

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## World steel war warning over 'rush to protectionism'

BY ROY HODSON: ROME, Oct. 9

A trade war in steel is threatened by the rush to protectionism in the face of the growing world steel crisis, representatives of the major steel manufacturers were told here to-day.

The warning, the most serious Japanese manufacturers, on the basis that steel imports into the industry's current difficulties, U.S. have jumped this year by produced with the aid of unfair financial subsidies.

British Steel is not paying interest on some of the capital being made available to it by the

British Steel expects to export biggest Japanese, American and 750,000 tonnes of steel worth European steel companies at a more than £150m. to the U.S. private lunch before the start market this year.

British Steel has been concentrating on export sales to offset poor home demand for steel, and has built up the American market to 20 per cent of its total exports.

European steel makers, including the EEC, are maintaining exports to the U.S. at a value of more than £1bn. a year. Japanese exports to the U.S. are running at about the same level.

### Full report

Among U.S. manufacturers involved in the complaints is the National Steel Corporation of Pittsburgh, whose chairman, Mr. George A. Stinson, is the institute's retiring president. When he returns to America next week, he will find waiting for him a full report on alleged dumping by British Steel, other EEC steel makers, and Japanese producers.

Mr. Stinson said to-day: "Our general impression is that steel is being sold in the U.S. at less than average costs of production in Europe and Japan."

Other American steel companies are said to be near the point of taking action against imports by filing charges. In search of the missing boom. Page 14

## Hostile EEC reception for Owen

By Guy de Jonquieres, Common Market Correspondent

VILLERS-LE-TEMPLE, Oct. 9.

THE BRITISH Government found itself at the centre of a new EEC row this week-end when a number of its Common Market partners expressed strong criticism and concern at the recent proposals put forward by Mr. James Callaghan, for reforms aimed at turning the community into a more loosely-knit body.

Dr. David Owen, the Foreign Secretary, who was on his way to talks in Moscow, faced anxious and sometimes hostile questioning during an informal meeting of Foreign Ministers of the Nine.

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LOMBARD

# Pursuit of the EMU

BY GUY de JONQUIERES

THE CEMETERY of disappointed ideas for advancing European integration is packed with crosses marking the demise of successive proposals for creating an economic and monetary union. Two-and-a-half years ago the Marjolin Committee reported despairingly that "Europe is no nearer to an economic and monetary union than it was five years ago. In fact, if there has been any movement it has been backward."

Little has happened since then to suggest that most governments are any reader to to strive purposefully towards this exalted goal. Less than a year ago EEC leaders finally abandoned an unrealistic their 1980 deadline for attaining EMU, along with a much more modest proposal for controlled floating of non-subs currencies advanced a few months before by the Dutch Finance Minister, Mr. Willem Duisenberg. Meanwhile membership of the snake itself, originally intended as the nucleus of an EEC currency block, steadily dwindled.

The recent disclosures that Mr. Roy Jenkins, president of the EEC Commission, has decided to stake a good deal of political capital on plans for monetary union is therefore somewhat startling. All the more so because he has cast his proposals in a form so uncompromising that even as faithful an apostle of Gallic monetary orthodoxy as M. Fran鏾is-Xavier Ortoli, the Economics Minister, considers them too ambitious.

The Jenkins plan aims to establish a common EEC currency to replace existing national currencies, backed by a central monetary authority which would take over a number of the functions of national treasuries and central banks. An integral element is a substantial increase in Community spending to permit a more effective transfer of resources from richer to poorer regions of the EEC than has occurred so far.

It is claimed that the economic benefits would include greater freedom from exchange rate pressures in weaker economies, a sharp reduction in inflationary expectations and a general boost to business confidence. Mr. Jenkins believes also that real progress can be made to correct regional imbalances—essential to a durable monetary union—at a lower cost than many had imagined. The recent MacDougall Report estimated that income disparities in the Nine could be narrowed by 40 per cent if the EEC budget were raised to are only suited as a blue-around \$3bn. That would be print for a major policy decision three times this year's budget, of the kind which Mr. Jenkins but still under 2 per cent of the says he wants.

## Some virtue

Bonn could perhaps see some virtue in a common currency scheme which would stabilise the D-Mark and preserve German export competitiveness. But how far will the finance ministry or the Bundesbank be ready to surrender monetary authority to the EEC or to tool the bill for regional transfer payments?

Germany has long been reluctant about stepping up its financial contribution to a nine-member EEC. It has yet to show that it is any reader to shoulder the even bigger costs that will have to be met if new, poorer, members are to be properly integrated into the Community.

There is reason to think that his Jenkins proposals were designed to create a dramatic effect. He is certainly aware that his Commission has produced precious few original ideas in the past nine months and understandably wants his big initiative to start people talking. But radical proposals

are

Under the former he retains such sums: in the latter he must account to the Revenue.

The general rule that has been evolved is that you look at the interest payments for the year:

In the Fishtail Estates case, A.C. 58.

Fishtail Estates Ltd v Cherry [Inspector of Taxes] [1977] 1 WLR 533.

Chancery Lane Safe Deposit and Offices Co Ltd v Inland Revenue Commissioners [1968] 118 E.R. 100.

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# Don Carlos

by MAX LOPPERT

The *Don Carlos* revival is very grandly cast. In five of the six leading roles, beautiful voices with a combination of Verdian power and Verdian grace not encountered on this stage for some while. All are sensitive to the special nobility of the music—there is never any blaring across the footlights unseemly in this of all operas. In addition, the balance and variety of vocal colour have been calculated with an acumen rare in today's Opera casting (too often, apparently, matter of not-so-discriminating accident). The brilliant, iron-centred high baritone of Fury Mazurok's *Poseidon* is splendidly set off against the Mediterranean velvet of José Carreras' *Carlos* and the majestic long line of Nicolai Ghiaurov's Philip; whether in solo, together, or amidst other voices. Elisabeth (Kathy Ricciarelli) and Eboli (Grace Bumbry) supply the beams of light and dark beauty if tone inherent in their vocal lines.

On this level, Friday's performance gave great and prolonged pleasure. As an appreciation of Verdi's tremendous *grand opéra*, with its magnificent humanity and largeness of vision, with its broad interpenetration of themes of church, State and individual destiny, it was disappointing. The decline in Visconti's 20-year-old production was not disguised; but as the revival was prepared under fire of industrial difficulties, we should perhaps do the company greater justice in praising the achievement for what it is, and not regretting that, with such a cast, it might have been. (Certainly, as subsequent performances are due to be still further shortened, we just not fess too greatly about what that in other circumstances would be unhappy disfigurements; nor from pages from the already incomplete *Fontainebleau* act, the Act 4 insurrection, the march section of the final duet.)

But in consequence there was lack—in each of the portrayals, in the evening as a whole—of spiritual force. The sound of Mr. Mazurok's perfectly focused



Grace Bumbry and Ann Murray

instrument, Instruous and vigorous, surely the foremost of the day, was gloriously As visionary and frank as when he was sick. (His manner of addressing his opening lines, "Le voilà, c'est l'Infant," directly to Carlos, was instructive.) Eboli and Philip are familiar to this house. Perhaps at the top, which on occasion lost body, Miss Bumbry's mezzo sails out as excitingly as ever; but she gave the appearance of going through well-conceived and gracefully executed motions rather than of fresh engagement with the role. The proud, steady manner in which Mr. Ghiaurov rolled out his lines in the Act 4 quartet compensated amply for some perceptible diminution of bloom earlier. His king, grave, carefully outlined, slightly bland in emotional extremes, still provides an example of sustained legato singing very seldom equalled by basses who also command. Mr. Ghiaurov's decisives.

It is too soon to proclaim in vulnerable, handsome, Gwynne Howell, a soft-grained Inquisitor, Jose Carreras today's leading star. In the last act there was a wider range of facial and tonal movement and courage than he had been asked to exchange roles. Ann Murray, particularly in the last act, because his voice was wonderfully tender and warm of tone, unforced in sensitivity to texture and colour resolve. Miss Ricciarelli's Elisabeth was also at her very best while bidding farewell. She is a singer almost completely transformed from the gaucherie of the Act 4 quartet uneven soprano who first still leads one to expect; on the appeared on this stage. The other hand, it accompanied fine tone glows, the phrases are singing with devotion. The smooth, the rhythm beneath them auto-de-scene was a shambles, the choral singing pitifully thin and uncertain; but for this weakness explanations come, alas, too readily to hand. The opera was given in Italian translation. The Royal Opera never to give such performances as to be virtually irrelevant.

Both performers look young, us a revival in the original?

## Berlin Festival (West)

# Cardillac

by ELIZABETH FORBES

*Trends of the Twenties*, the title of the stupendous four-part council of Europe Exhibition in view this autumn in West Berlin—and which was reviewed in this page by William Packer—extends far beyond the confines of purely visual art and spans the theme of many musical and dramatic events in his year's Festival. The deutsche Oper's contribution, is new production of Hindemith's *Cardillac*, given in the original, 1926, version. The revised edition made by the composer a quarter of a century later tackles its subject of the artist and society with greater seriousness and deeper involvement, perhaps, but the first *Cardillac* is more original, more consistent and more objective; it also fits the theme-pattern better.

In his adaption of "Das Räuber von Scuderi," one of the tales of E.T.A. Hoffmann, Ferdinand Lion the librettist not only makes *Cardillac*, the goldsmith who murders to relieve the jewellery he is forced to sell, into the protagonist of his opera, but purposely surrounds him with unnamed, puppet-like figures. The Deutsche Oper production, directed by Hans Neugebauer and designed in rich tones, looking despite the painting by Magritte of the '30s.

## Elizabeth Hall

# Tamas Vesmas

by DAVID MURRAY

One of the pervading fallacies Szekszárdi Mass, after the resumption each time the subject of the effect of the Second African Council on the Catholic Church is discussed in the correspondence columns of the *Times* is that the reform of the church's liturgy has deprived worshippers of ever hearing again the great music of the past which was composed for that liturgy.

Yet as last night's evening Mass in St. Patrick's, Soho Square, amply proved, this is nonsense: it is quite possible to celebrate the new rite of Mass with the same dignity and the same richness of music—in responses, in plainchant Propers and concerted Ordinaries—as the old rite. The resulting mixture is perhaps inappropriate for a parish of a pastoral kind, rather than for a cathedral, but then such diversity is also specifically encouraged by the new rite.

The excuse for last night's strange mingling of religious with critical duties was that, under Edward de Rivera, the Soho Square choir (always London's most adventurous in breadth of repertoire) was reviving Liszt's 1848 (revised 1868) Mass in C minor (known as the

New conductor for BBC Scottish Orchestra. Karl Anton Rickenbacher, described by the late Otto Klemperer as "one of the best conductors of the younger generation," has been appointed the principal conductor of the BBC Scottish Symphony Orchestra in succession to Christopher Seaman. He takes up his post next January.

Heribert Rickenbacher was born in Baden, Switzerland, in 1940. Studied in Berlin with Herbert von Karajan and took conducting courses with Herbert von Karajan and Pierre Boulez.

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## OVERSEAS NEWS

Mrs. Gandhi faces fresh arrest warrant

By K. K. Sharma

NEW DELHI, Oct. 9. INDIA'S Central Bureau of Investigation has taken out a fresh arrest warrant against Mrs. Indira Gandhi, the former Prime Minister, and this is expected to be executed soon.

This has been announced by the Home Minister, Mr. Charan Singh, who said the arrest of Mrs. Gandhi last week was on the basis of one of two charges and she could be arrested "at any time" on the other. The Delhi High Court has issued a notice to Mrs. Gandhi to appear before it to answer questions raised by a writ challenging her unconditional release from detention by a Delhi magistrate after her arrest last week on corruption charges. No date for the hearing has been fixed but it is expected to be held this week.

Mr. Charan Singh said that corruption charges against Mrs. Gandhi were "outside" the terms of reference of a judicial commission now inquiring into nearly 50,000 complaints about abuse of power during Mrs. Gandhi's emergency rule. He felt that complaints on such issues as the violation of human rights, the muzzling of the Press and the tampering with the independence of the judiciary could be taken up on the basis of a trial on the Nuremberg model.

Meanwhile, Mrs. Gandhi has returned to New Delhi after a triumphant tour of western India which she set out on after her release from detention. She drew large crowds and the Congress Party is widely believed to have been strengthened by the tour. Although she has said she will not stand for the Presidency of the Congress Party, many of her supporters are known to be pressing her to take on the post to revitalise the party.

## Pakistan poll call

The Pakistani National Alliance, the former opposition to Mr. Bhutto's Government, said yesterday that a fresh date for national elections should be fixed as soon as possible. Simon Henderson reports from Islamabad. Pakistan's military Government has postponed the elections due to be held on October 18, saying the trial of Mr. Bhutto, the former Prime Minister, must be completed first. A spokesman for the alliance yesterday called on the Government to ask the courts to speed up the judicial process in political cases, but he agreed that the process of accountability had to be completed before elections.

## ETA claims it killed Basque provincial chief

By DIANA SMITH

ETA (Basque Land of Liberty), the militant separatist Basque movement dedicated to total independence of the Basque country, has now claimed responsibility for Saturday's assassination in Guernica of the Basque provincial governor, Sr. Augusto Ureña, and his two Civil Guard escorts.

The killing came barely 24 hours after a joint Parliamentary committee had agreed on a Bill (which must still be voted into force by Parliament) granting total amnesty for all politically motivated crimes in the Basque country.

Its timing was a reminder that, despite efforts of the central Government and moderate Basque leaders to cool down the climate in Euskadi (the Basque's name for their homeland), a violent minority is determined

to prevent peaceful autonomy negotiations. Moderate autonomy is thought to be acceptable to the vast majority of Basques and the Madrid Government is willing to grant it.

Mr. Ureña, 53, and his police escort, Senores Antonio Hernández and Angel Ríbera, were ambushed at 12.45 p.m. on Saturday in the parking lot of the Guernica Jai-alai (pelota) grounds, where the provincial Governor arrived to keep his regular Saturday appointment for a Jai-alai match.

Sr. Ureña got out of his car, and his escort parked the vehicle, they were mown down

by bursts of machine-gun and revolver fire, coming from two parked cars. They were killed instantly.

After 20 hours of weekend unions.

MADRID, Oct. 9.

Concorde could face NYC noise obstacle

By Stewart Fleming

NEW YORK, Oct. 9. A move which could create new obstacles to the landing of Concorde at New York's Kennedy airport, the Port Authority of New York and New Jersey yesterday rushed out proposed new noise standards for the airports' noise controls.

Although the proposed standards, which are stricter than those now operating, would apply to all jets using the region's airports, two of the proposed standards would bar Concorde immediately. The would impose new federal noise standards but aircraft now using the airports would not fall under the tougher standards until December 31 of this year, in one case, and January 1985 in the other.

The new noise proposals by the Port Authority will be the subject of public hearings on October 12 and could not come into effect until some time after that.

But before the hearings, on October 14, next Friday, the Supreme Court of the U.S. is expected to rule on a request by the Port Authority for a stay of execution of a lower court order requiring the Port Authority to allow the Concorde to land.

That court decision now takes on greater significance. If the Supreme Court refuses to grant the Port Authority a stay, then Air France and British Airways could move to bring the Concorde into New York very quickly.

It, however, is stay is granted to the Port Authority—which has been fighting for nearly two years to prevent the plane landing—then there is a greater chance that the issue will become embroiled in new noise regulation controversy and possibly another series of lawsuits on rather different grounds from the ones which Concorde's operators have been winning in the U.S. recently.

Two of the Port Authority's new noise standards could be in breach of court orders if they effectively exclude Concorde alone. Since the Port Authority must be non-discriminatory in its noise proposals.

Although Concorde would be allowed a three-month trial at Kennedy under the new proposals, it does not appeal to British Airways officials here, who argue that they are already entitled to a 16-month trial under existing noise regulations they believe they can meet.

## THE ANTARCTIC TREATY MEETING

## Mineral search restraints

By PAUL CHEESRIGHT

THE 13 Antarctic Treaty powers, that "they should urge their So far four powers—West Germany, Chile, Poland and Soviet Union—have engaged in a meeting in London which nationals and others to refrain from mineral exploration and exploitation. Soviet Union—have engaged ended over the weekend, have been mineral exploration and exploitation. Soviet Union—have engaged in a meeting in London which to preserve the unique environment while intensive studies of krill harvesting, although environmental impact of the southernmost continent by agreeing on interim measures to restrict the fishing of krill and by accepting agreed approach to other aspects of mineral resource activities.

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## HOME NEWS

## Tories want a switch from direct to indirect taxes

ON THE EVE of their annual conference, the Conservatives have presented their own grand design for putting Britain's economy back on its feet. The proposals seek a large shift from direct to indirect taxation, increased emphasis on monetary policy, and a firm but fair tilt towards the trades unions.

These goals are set out in a 52-page document entitled *The Right Approach to the Economy*, which argues that the recent improvement in Britain's financial fortunes must not be allowed to mask the severe underlying problems.

The authors are four of the party's senior economic spokesmen, Sir Geoffrey Howe, the shadow Chancellor, Sir Keith Joseph, the Tory Industrial spokesman, Mr. James Prior, the shadow Employment Secretary, and Mr. David Howell, MP for Guildford.

## Incentive priority

They outline the policies that a Tory Government would adopt and the philosophy that underlies them, laying stress above all on the overriding priority of a return to a freer economic system, with a generous place for incentive and individual enterprise.

Most important, however, the statement is intended to show that the party leadership is united in its economic views, and particularly on the conten-

tious issue of Tory relations with the unions.

The unashamed model is the "golden era" of the early 1950s when, the authors claim, a Conservative Government managed the "break for freedom" in the teeth of similar warnings to those now heard from Labour, and achieved a rapid increase in prosperity for the British people.

The Callaghan Government receives grudging praise for taking some of the right steps, under the prodding of the International Monetary Fund, but the document declares: "Labour is completely unprepared to deal with the challenges. It does not understand them, and does not believe in the measures necessary to meet them."

On monetary and financial policy the party objective is to "unwind the inflationary coils which grip the economy." This would be done by gradually reducing the rate of expansion of the money supply, by lowering the burden of public debt contracted both abroad and at home through excessive public spending, and also by allowing the pound to float higher thus creating a "virtuous spiral" of declining inflation.

The writers advocate a greater use of well-publicised monetary targets, as well as a more independent role for the Bank of England and a bigger say for Parliament and its select committees.

By RUPERT CORNWELL, Lobby Staff

They then reiterate the oft-proclaimed Tory goal of a smaller share of total output going to the public sector, although this would be achieved without "savage and indiscriminate" cuts across the board.

Instead the reduction would be gradual and tailored to do as little damage as possible to capital, as opposed to current, spending. But the Tories do plan major savings by the cancellation of Labour programmes including the "pointless" Community Land Act, and by mounting an efficiency drive in Whitehall and at local authority level.

Cash limits are considered essential to keep expenditure under control, especially since Parliament was finding it extremely difficult to fulfil its monitoring function.

On earnings and wage negotiations the aim is a return to realistic and responsible free collective bargaining, guided by judicious use of the money supply. The authors emphasise that different groups should be able to receive wide variations of increase, as market conditions dictate.

The Government ideally ought to stand well clear of the bargaining process, and the document is very wary of any pay

norm."

The authors call for reform of the present collective bargaining procedures, and pin great hopes on the forthcoming Advisory Conciliation and Arbitration Service's Code of Practice as a source of guidance on key points, including negotiating methods and the procedure for introducing agreements.

The notion that a Conservative Government would inevitably move towards confrontation with the unions is rejected.

"We see the trades unions as a very important economic interest group whose co-operation we must work constantly to win."

The longest section is devoted to tax reform, and sets out a complete programme for restoring sanity to our tax system, although this would have to be phased over most of the first term of office of a Tory Government.

The tax strategy will be based on four principles: lower personal taxation to restore work incentives, measures to stimulate business growth, stronger encouragement to personal saving and capital building, and simplification of the system.

The income tax burden would be lightened by lowering the basic rate,

raising thresholds, widening higher tax bands and reducing higher rates. The fall in revenue would be made good, the document makes clear, by increased value added tax and excise duties.

There is a similar root-and-branch approach to capital taxation. Capital Transfer Tax will be transformed, and Capital Gains Tax revised so that only real (and not inflationary) gains are taxed. A Wealth Tax is ruled out, while development land tax will be lowered.

The authors repeat their commitment to a property-owning democracy, and come out in favour of profit-sharing schemes in industry. Above all, they urge wholesale simplification of the present tax structure, with a gradual switch to tax credits, and an end to "pig-keeping" by the authorities.

The next Conservative Government would mostly confine its industrial policy to creating an atmosphere of freedom and incentive, encouraging higher productivity and a climate in which wealth and profit arouse admiration rather than resentment.

A stern line is taken on industrial companies in trouble. Rescues would be restricted to "some exceptional cases which may be justified in the national interest," while nationalised industries would be run on more commercial lines, with the long-term aim of "reducing the preponderance of State ownership."

On employment laws, and above all the closed shop which has split the Conservatives, the document tips the balance in favour of the party, stressing only the points on which the party is agreed.

The Conservative party is against the closed shop, but we recognise that a simple attempt to ban them can not only be ineffective but also harmful to individuals concerned."

## Closed shop

The document therefore sets out a number of safeguards, notably that a closed shop agreement should be decided by a majority of all the workforce involved, and by secret ballot, and that those unfairly dismissed for refusing to join should be eligible for compensation from their employer. Strong personal conviction should also be grounds for exemption.

The document condemns the trade union-director proposals of the Bullock report, describing them as "a recipe for disputes while denying any effective say to people at their place of work."

The Tory answer is to increase participation, by expanding the individual worker's knowledge of the prospects and plans of his company.

The document repeats the party's antagonism to price and profit controls, which it says reduce not prices but jobs.

## Prentice ready to serve in a Thatcher Cabinet

By PHILIP RAWSTORNE

MR. REG PRENTICE, the former Labour MP, out-and-out Tories or out-and-former Labour Cabinet Minister who switched to the Conservatives at the weekend, said yesterday that he would be ready to serve in a future Tory Cabinet.

No deals had been made with Mrs. Margaret Thatcher, the Tory leader, he said. "But I think she would like to see me stay in Parliament."

Mr. Prentice, who intends to return his seat at Newham North-East until the next General Election, said he would like to be considered by any Conservative association looking for a new Parliamentary candidate.

Mrs. Thatcher, who welcomed his decision to take the Tory whip next session, had not promised anything. Mr. Prentice had stressed. But he added: "I would like to serve in her Cabinet, wherever she thought fit."

Mr. Prentice, the first Labour Cabinet Minister to have joined the Conservatives in the Commons, said in an interview on London Weekend Television's "Weekend World" programme, that he had been gradually forced to the conclusion that the Labour Party had to be soundly defeated at the next election.

It was "the only way we can prevent this country going on a further lurch down the Marxist road."

Questioned by Mr. Brian Nottage, "Only a minority are

Walton, the former Labour MP, out-and-out Tories or out-and-former Labour Cabinet Minister who switched to the Conservatives at the weekend, said yesterday that he would be ready to serve in a future Tory Cabinet.

He had not resigned then he became another Labour MP who defected to the Left-wing. "If I blame it as my duty to remain MP for Newham. An MP's first duty is to serve in a future Tory Cabinet.

Labour MPs, bitterly condemning Mr. Prentice's action yesterday, called on him to resign his seat immediately.

Mr. Prentice said that he did not consult any of the Newham party members who had been helping him in his fight to retain the Labour candidacy. "The hardest part of this decision for me has been the knowledge that they would be shocked and disappointed at what I've done."

He added: "I have not changed my principles but I am willing to do what is right for the party." Labour MPs, given a heartening boost by the affair in advance of their party conference this week, echoed Mrs. Thatcher's welcome for "a man of courage and integrity."

Mr. Prentice's defection will mean that Labour will have an overall majority of four in the Commons but the Lib-Lab pact adequately covers the deficit.

Labour leaders who had feared that they might lose the Newham seat if Mr. Prentice stood as an independent at the next election, was in the middle ground of holding the constituency.

Mr. Paul Lumkin, general administrator of the trust, said for jobs within prisons.

## Companies call for State-backed loans

By LYNTON MC LAIN, INDUSTRIAL STAFF

LOANS TO small businesses should be guaranteed by the European Economic Community, at around 15 per cent.

Capital transfer tax should be abolished and replaced by a "form of inheritance tax." The association will tell the Wilson Committee this should be based on the value of a family legacy, not the whole value of the estate.

Capital gains tax should be phased out over 10 years, says the association.

The loan guarantee scheme, according to Mr. Colin Dauri, a member of the association's committee, would be similar to schemes run by the U.S. Small Businesses Administration and Britain's Export Credit Guarantee Scheme.

Guarantees may persuade banks to be "less conservative" in their lending policy, said Mr. Dauri, "and there is a surcharge. The association says Mr. Dauri, "and the starting rate should be more akin to that in other deals to provide risk capital."

## Lack of jail training deplored

By CHRISTOPHER DUNN

PRISONERS need no useful attempt was made to provide training for jobs that they have offenders a "purposeful career plan" which would form a legitimate alternative to crime, apart from isolated efforts by individual prison or probation officers.

Mr. Lumkin adds that the lack of any fundamental inertia of systematic Government societies, Government officers and Ministers are all the more deplorable now more willing to take on since trades unions and ex-prisoners.

Prisoners are now more willing to co-operate in providing training

## Peace folk bar politics

By Our Belfast Correspondent

THE PEACE Movement in Northern Ireland has strongly rejected any thoughts of entering party politics.

The first "assembly" of the People People in Belfast at the weekend voted overwhelmingly never to form or support any political party.

This decision came after several hours of debate and followed a threat from Mr. Caitlin McKeown, one of the movement's founder members, to resign if delegates made a serious move towards involvement in conventional politics.

The controversy about going political was heightened by a recent claim from the movement's leaders, including Mr. McKeown, that the first assembly

was a bold attempt to demonstrate a Parliamentary model for a new kind of community

democracy in Ulster.

## Ulster Unionists' devolution offer

By OUR BELFAST CORRESPONDENT

ULSTER UNIONISTS confirmed at their annual conference this weekend that they were prepared to enter fresh talks on the basis of future political structures must have widespread support in both communities and devolution.

Mr. Harry West, the Official

Unionist Party leader, who told

Mr. Roy Mason, the Northern

Ireland Secretary, last week that

his party would consider devolution by stages, received the support of delegates.

Mr. West said that Unionists should now be ready to seek a form of devolved Government with modifications to suit our circumstances. However, any Stormont

administrative body would have to lead to fully devolved democratic institutions.

Mr. West revealed that Mr. James Callaghan, the Prime Minister, had written to him regarding the Government's insistence that future political structures must have widespread support in both communities and devolution.

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## Businessman's Diary

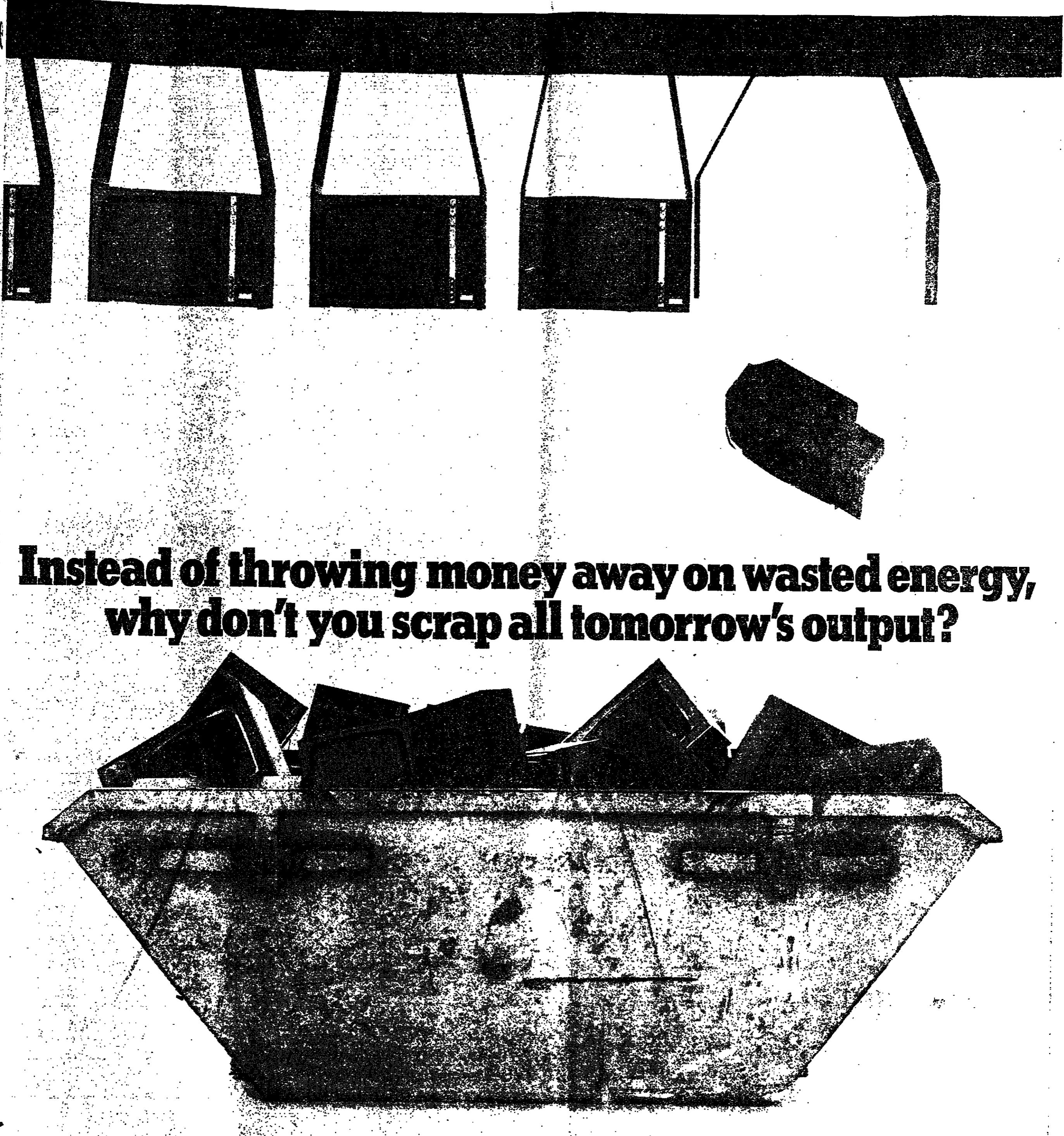
## U.K. TRADE FAIRS AND EXHIBITIONS

Oct. 16-24	Int. Hotel and Catering Equipment Exhibition	Venue
Oct. 17-21	Int. Market of Sub-Contracting M.I.D.E.S.T.	Battersea Park, S.W.11
Oct. 20-24	International Mining Exhibition	Nat. Exhn. Centre, B'ham.
Oct. 21-25	Electronics Instrument Show	B'ham.
Oct. 21-25	International Business Show	B'ham.
Oct. 21-25	Weld Fair	B'ham.
Oct. 25-28	Do-It-Yourself Exhibition	Olympia
Oct. 26-29	International Sports & Leisure Exhibition	Nat. Exhn. Centre, B'ham.
Oct. 26-29	Junior Fashion Fair-International	Nat. Exhn. Centre, B'ham.
Oct. 26-29	National Housing & Town Planning Exhn.	Royal Hortic. Halls, S.W.1
Oct. 26-29	Dalby Express Motorfair	Earls Court
Oct. 27-29	Food Manufacture Exhibition and Conference	Royal Lancaster Hotel, W.2
Oct. 27-29	British Fashion Fair	Nat. Exhn. Centre, B'ham.
Oct. 28-30	International Woodworking Industries Exhibition	Nat. Exhn. Centre, B'ham.
Oct. 31-Nov. 4	International Garden and Leisure Exhibition	Nat. Exhn. Centre, B'ham.
Oct. 31-Nov. 4	Int. Plant Engineering and Maintenance Exhn.	Nat. Exhn. Centre, B'ham.
Nov. 1-4	Institute of Housing Exhibition and Conference	Metropole Centre, Brighton
Nov. 6-9	Furniture Preview Show	Olympia
Nov. 7-11	Electric Components Exhibition	U.S. Trade Center, W.1
Nov. 8-10	Computer Peripheral & Small Systems Ex. & Conf.	Wembley Conf. Centre
Nov. 10-20	Caravan Camping Holiday Show	Earls Court

## OVERSEAS TRADE FAIRS AND EXHIBITIONS

Oct. 16-24	Int. Hotel and Catering Equipment Exhibition	Paris
Oct. 17-21	Int. Market of Sub-Contracting M.I.D.E.S.T.	Strasbourg
Oct. 22-26	Ladies Ready-to-Wear Clothing Exhibition	Helsinki
Oct. 28-Nov. 8	Tokyo Motor Show	Tokyo
Oct. 30-Nov. 5	Middle East Construction Exhibition	Dubai
Nov. 1-5	Electrical Engineering Exhibition	Berlin
Nov. 6-11	Int. Shop Fitting & Trade Equipment Exhn.	Paris

## BUSINESS AND MANAGEMENT CONFERENCES



## Instead of throwing money away on wasted energy, why don't you scrap all tomorrow's output?

Go on, don't sit there thinking about all your difficult deadlines, your crippling production costs, your carefully eeked-out profit margins. Be destructive.

We've got to be kidding? OK, but what about the money you're wantonly chucking away on energy bills?

Most small to medium size companies in Britain are wasting between 10% and 15% all the time without even realising it. On heating, lighting and power.

Which means that if your fuel bills are £10,000 per annum, that's £1,500 wasted. If they're as high as £1 million, that waste could be £150,000.

Right, how can you stop it? First, call our Energy Quick Advice Service. It's a Freephone service to answer immediate questions on non-domestic energy problems. It applies to England, Scotland and Wales only and there are three different numbers. Dial 100

and ask for Freephone 3140 for buildings queries. For production and transport it's Freephone 6222 in England and Wales, and Freephone 8305 in Scotland.

Second, use the coupon to send off for our wide range of energy saving technical booklets. They're free and cover many aspects of industrial energy loss.

But most important, use the coupon to arrange for an Energy Survey. We'll send you a list of independent consultants. The one you choose will spend one day on your premises evaluating your specific areas of energy wastage. It'll cost you a modest fee, up to £60 of it now being paid by us.

And when your consultant's report comes in, it should give you a detailed breakdown of your major energy losses. In one recent report, for instance, it was found that the mid-morning electricity peak demand in one factory wasn't due to a new

milling machine, but to the profusion of office kettles.

In any event, with the money you can save, next year's production could reach an all time high.

To: Department of Energy, Free Publications, P.O. Box 702, London SW20 8SZ

ENERGY SURVEY SCHEME: Leaflet and list of Consultants  
FUEL EFFICIENCY BOOKLETS: (Tick the ones you need.)

1. Energy audits	<input type="checkbox"/>	6. Flash steam and vapour recovery	<input type="checkbox"/>
2. The sensible use of latent heat	<input type="checkbox"/>	7. Degree days	<input type="checkbox"/>
3. Utilisation of steam for process and heating	<input type="checkbox"/>	8. The economic thickness of insulation for hot pipes	<input type="checkbox"/>
4. Compressed air and energy use	<input type="checkbox"/>	9. How to make the best use of condensate	<input type="checkbox"/>
5. Steam costs and fuel savings	<input type="checkbox"/>	10. Controls and energy savings	<input type="checkbox"/>

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
Position \_\_\_\_\_



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## • COMMUNICATIONS

### Signals on fibres guide trains

RAIL AUTHORITY represents of environments typically encountered on the railway. The potential of such optical systems is now being evaluated by the British Rail research and development centre.

They will be shown an optical fibre communication system, supplied by Telephone Cables of Dagenham (a GEC company) and GEC Telecommunications of Coventry, to British Rail, in which 30 simultaneous telephone channels are transmitted over 6 km of optical fibre without the use of repeaters.

Delegates from Sweden, West Germany, East Germany, Poland, Czechoslovakia, Austria, France, Italy, Hungary and the U.K. will be attending a meeting of the High-Speed Data Transmission Committee of the Office of Research and Experimentation, Vienna. ORF is associated with the Union Internationale des Chemins de Fer, Paris.

While recognising the importance of the Post Office market for optical fibre communication, Telephone Cables, GEC Telecommunications and GEC Hirst Research Centre have been looking at its other applications. Talks with British Rail led to the installation of an optical cable and associated terminal equipment. The optical cable was installed alongside the main Finsbury to Manchester line at Wilmslow by a normal B.R. cable installation team and it is submitted in a wide range

## • OFFICE EQUIPMENT

### Processes the words

A NEW word processor system, Cabtext Series 80, has been developed by Cable and Wireless U.K. Services, increasingly prominent in the equipment field in Britain.

Cabtext enables the user to draft, compose, store, recall, modify, etc., and print any type of business correspondence or bidirectional daisy wheel print document. Built around currently head to produce high quality recognised hardware equipment, typewriter print at minimum and software it has three basic speeds of 45 to 55 characters per units. The work station will second.

SAID TO be almost noiseless, an electrically powered spirit duplicator is being marketed by Ofrex, Stephen Street, London W1A 1EA (01-636 3686).

A desk top model (it weighs 17 kg), it can print on paper prepared in one run using coloured hectographic carbons in up to five colours and weights from airmail to three master.

SAID TO be almost noiseless, an sheet board, and take paper sizes from 230 x 360 mm to 75 x 115 mm at up to 75 copies/minute.

Fluid supply is automatic, and

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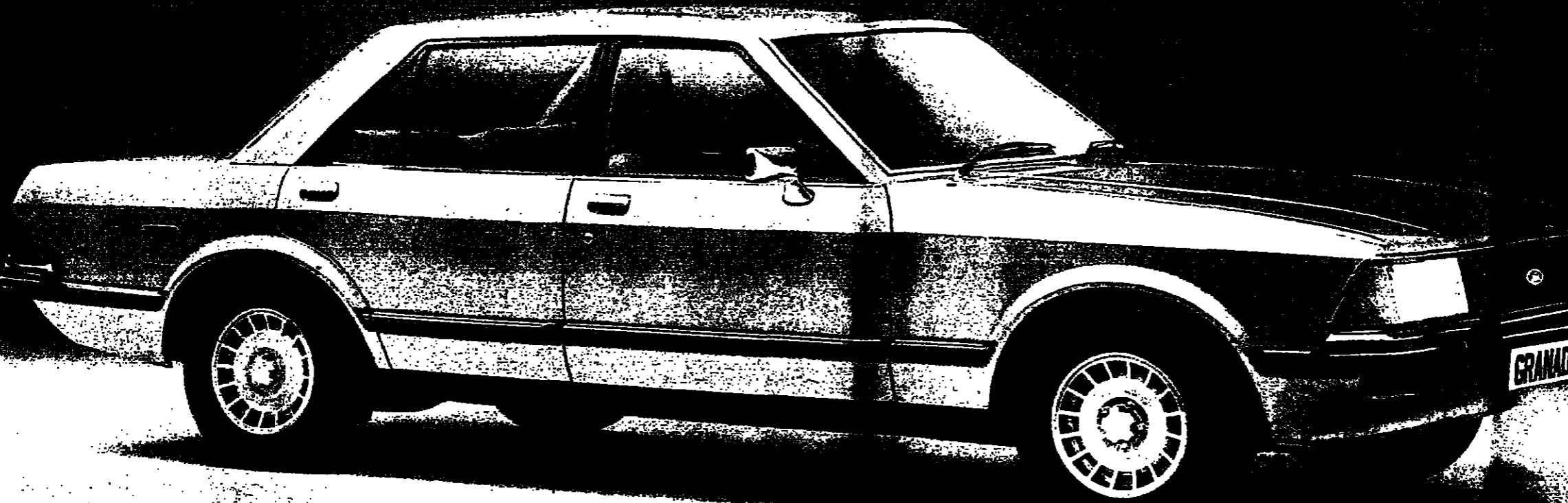
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SAID TO be almost noiseless, an sheet board, and take paper sizes from 230 x 360 mm to 75 x 11

# The new Ford Granada

## Emphasis on engineering



2.8 litre V6 Granada Ghia with automatic transmission and optional extra headlamp washers.

### Solid engineering makes the Ford Granada a durable and reliable car

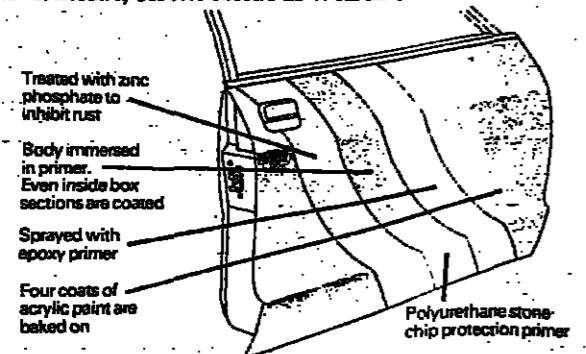
**G**ood engineering should make a car work better without making it more complicated.

However handsome a car may look it's what the eye can't see that determines how long it lasts and how well it performs. Ford set out to build a car that would be durable, reliable and have the safe, decisive handling today's motoring conditions require. They started from the inside and worked out, putting the emphasis on engineering.

Here are just a few of the more important developments the engineers built into the car. See if your priorities are the same as theirs.

#### The quest for durability

Nobody would deny that a car's worst enemy is corrosion. If it is not properly protected a car can start to show its age very quickly. But just as important is the protection of vulnerable parts you can't see. Preparing the Granada body, protecting it against rust and eliminating rust traps inside body sections, sealing underneath the wheel arches and applying 4 coats of tough acrylic paint involves no less than 18 separate processes. That's the sort of thoroughness that has gone into protecting your investment, on the inside as well as on the outside.



#### Reliability is achieved by attention to detail

Ask any AA man and he will tell you that it is the small electrical faults that are the cause of most breakdowns. Ford have reduced the mass of connections you find behind the dashboard of more conventional cars by using a printed circuit which means there are fewer connections to work loose. Also the main relays and fuses are contained in a central distribution box for ease of service.

But perhaps the most important electrical refinement is the new electronic breakerless ignition system on the V6 engines. It delivers a more powerful and accurate spark which, in turn, provides more efficient fuel ignition. This helps maintain engine tune, resulting in improved economy. Starting on cold mornings is also made easier.

#### 12000 mile service interval

Improved durability means that the service interval is extended to 12000 miles on all Granada petrol models (apart from minor checks and oil changes at 6000 miles) so you save on service charges too.

Amongst other examples of thoughtful engineering are the self-adjusting clutch and the

fact that the brake linings can be inspected without removing the wheels. More details that help to keep your service costs down.

#### Suspension that gives safe, decisive handling and peace of mind

Probably the most important safety feature a car can have is suspension that gives you predictable and decisive handling, particularly at speed and when cornering. The Granada has independent suspension on all four wheels. It ensures that the tread on all four tyres is firmly in contact with the road surface. The car feels taut and well-balanced all the time, leaving you feeling relaxed and confident.

The Granada's 5.9" front and 6.0" rear tracks (the widest in its class), together with the low centre of gravity and long wheel base give superb stability. Down forces created by the front spoiler and the extra air diverted over the bonnet by the special radiator grille reduce lift at speed and ensure that the car hugs the road.

The GL and Ghia are fitted with gas filled shock absorbers (these help soak up the bumpiest road) and the 'S' with Bilstein gas shock absorbers (for the man who drives that bit harder).

Incidentally the 'S' is fitted with Michelin TRX super low profile tyres as standard equipment. A brand new tyre designed to give the ultimate in performance, immediate response and excellent straight ahead stability when braking.

#### Engines that give smooth performance and efficiency

The excellent performance and efficiency of the 2 litre OHV and new 2.3 litre V6 engines has been achieved by an improvement in aerodynamics which reduces the drag factor and by the engineers exceeding the target they set themselves for reducing the weight of the car. The fuel consumption figures obtained using standard European DIN procedure prove the point. The 2.3 litre V6 with manual transmission gives a figure of 26.7 mpg\*.

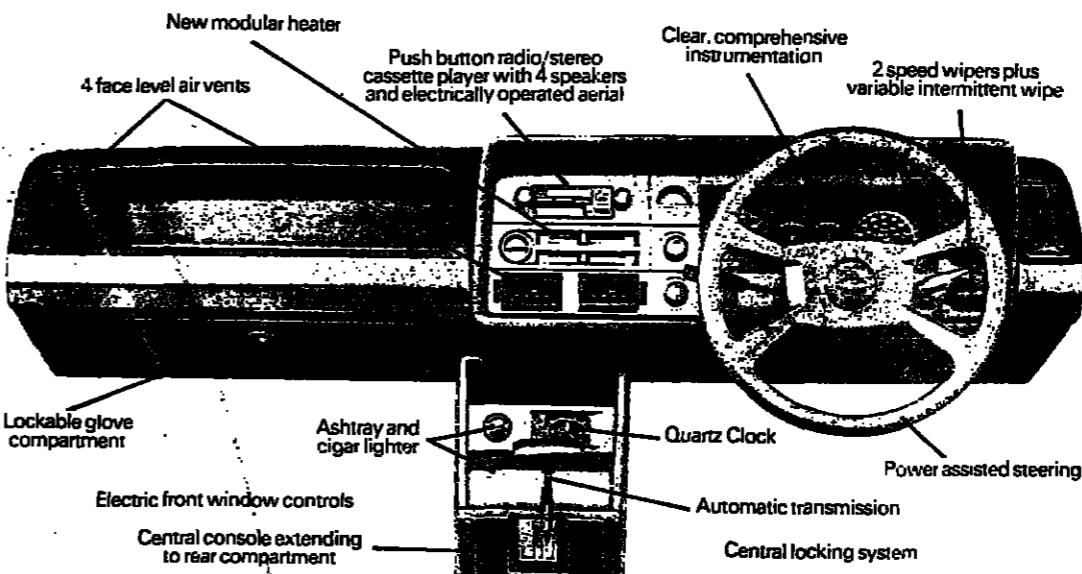
The exciting new 2.8 litre V6 engine is a beautiful, smooth unit. The optional fuel injection system ensures the most efficient use of your fuel by metering just the right amount of petrol, whether crawling in traffic or driving on the motorway. The fuel injection is a highly developed and well proven system that is used by Europe's best cars.

There will also be a new 2.1 litre diesel model. Its benefits of long life, and low fuel consumption – particularly in town driving, will be a welcome addition.

**Comfortable and effortless journeys**  
When you settle behind the wheel of the new Granada you immediately get a feeling of well-

#### Some standard features of the Granada Ghia

Automatic transmission (except with fuel injection) • power assisted steering • push button radio/stereo cassette with 4 speakers and electrically operated aerial • laminated windscreen • tilt/sliding roof • alloy wheels • Verona/Crushed Velour cloth seats • central locking system (4 doors and boot) • remote control door mirror • 2 speed/variable intermittent wiper • windscreen wipers • carpeted boot • dual tone horn • rear fog lamp • tinted glass • electrically operated front windows (electrically operated rear window optional extra) • shag pile carpet.



being. Deep, cloth covered seats (leather on the GL and Ghia saloons if you want) with adjustable head restraints on all petrol models, keep you relaxed on the longest journey.

All controls are at your fingertips and add to the feeling of being in complete control. Push button radio is standard on all petrol models, and the Ghia has a push button radio/stereo cassette player with four speakers and electrically operated aerial as standard equipment. Each radio is tested for 24 hours before being fitted. In addition electrically operated front windows and central locking (4 doors and boot) are standard on the Ghia.

The new Granada carries on the Granada tradition for comfort. During its development every body panel was engineered for good acoustic behaviour and the car finally tested in an 'anechoic' chamber to check noise level. It is even quieter than its predecessor, with more sound deadening material built into every model of the range.

#### Good visibility means a safer car

The low bonnet and boot line ensure good visibility. The road cut off point is improved over the previous model by 3 feet at the front and 22 feet at the rear. You also get a fantastic 86% all round vision. Laminated windscreen (standard on all

models) means that if you do catch a flying stone you're not immobilised.

A new stratified heating system allows you to select varied combinations of screen and passenger compartment temperature and provides a complete change of air every 20 seconds when travelling at 50 mph. In addition fully integrated air conditioning is optional on all V6 engine models‡.

Take a closer look at the car in your local Ford showroom and see for yourself how the new Ford Granada puts the emphasis on engineering.

Available with V6		
Engine size (litres)	Max speed (mph)*	DIN fuel consumption (mpg)*
2.0 L (manual)	102	26.2
2.3 L (manual)	105	26.7
2.8 GL (manual)	113	25.7
2.8 Ghia (manual)	109	23.9
2.8 Ghia fuel injection (manual)	120	25.2
2.1 diesel (manual)	85	31.4

\*Ford computed performance and economy data for saloon models.

GRANADA PRICES	
Granada L	from £4,144
Granada GL	from £5,261
Granada S	from £5,910
Granada Ghia	from £8,748
Granada Diesel	from £4,868
Granada Estate	from £4,860

Maximum price, April 1978. Saloon, car tax and VAT included. Delivery and number plates at extra cost.

\*Available early 1978 provisional price.



FORD GRANADA



# Building and Civil Engineering

## £10m. Abu Dhabi trade centre

SCOTT, Brownrigg and Turner is to supervise the construction of a trade centre in Abu Dhabi, United Arab Emirates, for Sheikh Suroor Bin Mohammed Al Nahyan. The £10m. contract has been let to National Construction Company (Pakistan) and is due for completion in 1979.

Two seven-storey buildings, each comprising ground floor shopping and reception with six floors of offices above, are to be built parallel to each other. The office buildings will be complemented by a six-storey commercial complex containing a double-level shopping area connected by escalators.

The consultants team includes John Bradley Associates (Overseas), Ove Arup and Partners, and Wilmott and Tropman.

SPT Middle East, in association with Scott, Brownrigg and Turner, has designed and is

supervising the erection of a 53m radio station at Al Khaliah near Doha, Qatar.

The project, which is scheduled for completion in 1978, was commissioned by the State of Qatar, Engineering Services Department for the Ministry of Information, and is being constructed by Bin Ali Contracting, a partnership of Ali Bin Ali of Doha and Higgs and Hill of the U.K.

Specialist advice, supply and installation of the transmitters is being carried out by Marconi. Other members of the consultants team are White, Young and Partners, Langdon and Every (Arabian Gulf) and John Bradley Associates (Overseas).

The buildings are designed around an internal landscaped court with the 26 metre high link tower to the Doha broadcasting station arising from the court of the transmitter building.

## Three jobs in Scotland

LAING Scotland has been awarded three contracts totalling more than £1.25m. The work embraces a major redevelopment scheme in Bothwell, North Lanarkshire, and the erection of a factory on the South Newmooor Industrial Estate, in Irvine, Ayrshire.

Glasgow's Grosvenor Restaurant in Gordon Street, destroyed by fire six years ago, is to be converted into offices under a £617,000 contract awarded by Help the Aged Housing Association (Scotland).

The architects are The Anderson Hutter Partnership, the consulting engineers are Hutter Jennings and Titchmarsh (structural), and A. E. Robb and Partners, Glasgow (mechanical and electrical); quantity surveyors are Iain Shaw, and Partners.

The third contract (£368,000) is for a steel-framed single-storey factory with a total floor area of 16,000 sq. ft. on the South Newmooor Industrial Estate. This will be a purpose-built unit for occupation by Scottish and Universal Newspapers.

## Roadwork in Bangkok and Trinidad

IN JOINT venture with Trinidad Engineering Research Co. and CEP, Freeman Fox and Partners have been appointed by the Government of Trinidad and Tobago to report on and design the improvement of the 10 km long Princess Margaret Highway in Trinidad.

Additional of a second, two-lane carriageway to the existing highway and provision of feeder and access roads and interchanges with other roads which meet the highway are called for.

The feasibility study will be completed at the end of the year, and detailed design 5 months later.

In another joint venture, this time with Thai Engineering Consultants Co, Freeman Fox and Partners have been appointed to supervise construction of the 6 km Din Daeng-Klong Toey Port section of the Bangkok Toll Expressway.

Design of the third section, Dao Kanong-Klong Toey, will be started when the results of a study of future demand become available.

## Irrigation in Nigeria

SIR M. MacDONALD and Partners, in association with Hunting Technical Services, is to carry out a pre-feasibility study of irrigation and water resources in the Donga River basin in Gongola State, Nigeria.

The agreement was signed between a Nigerian Government department and MRT Consulting Engineers (Nigeria), of which Sir M. Macdonald and Partners is a member firm specialising in water resources development.

Hunting Technical Services will be responsible for soils, agriculture and economic studies.

The terms of reference for the study cover an area of about 8,000 square miles, and include collection and analysis of data on climate, surface water and groundwater resources, soils

and agriculture together with the reconnaissance, survey and investigation of possible sites for dams, barrages, pumping stations, canal alignments and other works.

## Explosives make joints

DEVELOPED JOINTLY Vickers International Research and Development Company and Newcastle, an explosives technique for joining steel pipelines has had formal approval by the Register of Shipping and Development of Energy.

Approval is for a 16-inch diameter 0.75 in wall thickness AL 51K60 pipe at water depth down to 450 feet.

An internally placed explosive charge impacts the pipe with fitting, which may be a flange, a sleeve, at a pre-set pressure and velocity. A substantial area surrounds the pipe and the energy in a radial direction

Gas-inflated bags (called a waterbag) inserted in a pipe each side of the potential area absorb the energy along the pipe.

Vickers says the most of a energy generated is absorbed in making the weld and there is no danger to adjacent equipment and structures.

For a successful weld, new to weld area must be both clean and dry. The pipe is cleaned by a hydraulically operated machine (developed for the purpose by Vickers) which takes thin (maximum 0.05 inch) strips from the outer surface of the pipe. It incorporates a profile following device to accommodate pipe ovality and ensure that there is no weld.

Dry conditions are achieved by using inflatable seals with the weld fitting, on either side of the weld area. Once inflated these seals isolate an annulus which can be flushed with a variety of liquids and gases.

Several advantages are claimed for the process. It is simple, lightweight, super equipment and has no requirement for manual skill. Once the parameters for achieving an acceptable weld have been determined, the technique is repeatable and is almost independent of water depth. Vicks says the weld can be readily tested and inspected in situ to confirm the integrity of the joint.

The pipe machine for removing the rusty surface weight 1.5 tons, the flush and dry rig 3 tons, a charge package and detonator system 300 lb, the inert flange/avil 2,000 lb, and an ultrasonic inspection unit 30 lb so that the equipment can be handled by the usual service vessel's gear.

Following the weld, all equipment is recoverable except perhaps loose avil segments in the sleeve weld. The material inside the pipe—charge packages, dewatering bags and fittings—fragmented by the blast and removed by pigging.

Details from Vickers Offshore Developments, Underwater Pipeline Engineering Group, P.O. Box 8, Cawdor Park, Barnsley, South Yorkshire S7 1LA (0229 25080).

The  
PENSIONS  
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## Two awards to Wimpey

IN THE Sultanate of Oman, Development (Oman), and the other is for Quintana International, at about £1m.

In Scotland Wimpey has been awarded a contract by Livingston Development Corporation for the construction and maintenance of roads and approaches to oil drilling locations.

Largest of these contracts valued at £2.4m. is for Petroleum

Development (Oman), and the other is for Quintana International, at about £1m.

Architects for the overall project are Sidney Kaye Firms and Partners, Brian Colquhoun and Partners are the Consulting Engineers and Cyril Sweet and Partners are the quantity surveyors.

THE CONDER Group has launched a new building system for hospitals, schools and offices in overseas countries. The company claims that two men can put up its latest IBS building without any mechanical aids.

Materials requiring little or no maintenance are used, including galvanised steelwork for the frame and aluminium for windows and doors. Although Conder supplies all the superstructure materials, the company says that overseas customers can use locally available materials such as brickwork or stone to cut the cost of importing them.

Site building widths are available and almost any building length can be achieved using standard 3.6 metre bays.

## Middle East guides

TO BE PUBLISHED in June next year, the Barbour Middle East Compendium is the result of research by Barbour Index into the requirements of the Middle East construction market. It is intended to provide a cost-effective means of presenting building products (and finding sales opportunities for them) in this growth area for the construction industry. It will be circulated to all specifiers in the Middle East as well as those in the U.K. and overseas who are involved in Middle East projects.

Presentation will be similar to the company's UK compendium, but with the addition of a section on plant and equipment. More on 03447 4121.

Another publication in this area is the "Saudi Arabia Construction Guide," a 700-page five-volume work published by



The first shaft collar for the new Selby coal mine in Yorkshire is nearing completion. The collar is about 25 metres in depth and will be concrete lined before the main shaft sinking operations, to a depth of nearly 400 metres, begins. This is one of the first pair of shafts being sunk for the National Coal Board by Cementation Mining which is also responsible for the twin tunnels, or drifts, which will eventually convey 10m. tons of coal a year to the surface. The shafts themselves will be used for transporting men, materials and services.

## Excavation in Gwent

THE WELSH Development Agency has awarded a contract worth almost £500,000 to Davies Middleton and Davies.

Within the six-month contract period the company has to excavate over 100 cubic metres of peat, clay and rock and deposit the material to form a mound which will be constructed over boggarted land-drains.

The site is adjacent to the Heads of the Valleys Road in Northern Gwent and comprises phase II of the Rassau Industrial Estate development.

## Roofing in S. Wales

THREE roofing contracts worth more than £400,000 have been awarded in South Wales to

Quarant shopping development and about 6,000 square metres on the roof of the adjacent new Debenham's store.

The first contract for main contractor Thyssen (Great Britain), is worth £188,000 and the second, for main contractor John Laing, is worth £23,000.

Briggs Amasco is a member of the Tarmac group's building products division.

In Swansea about 10,000 square

## Distributing the power

AMONG the first tasks to be undertaken when starting operations on a building site is the installation of an electrical power supply and distribution system.

Electrical power is essential for the operation of modern equipment which ranges from hand tools to tower cranes and one company specialising in power distribution systems for construction sites is Wespower, a P & O Group subsidiary, which produces a wide variety of fully recoverable temporary electrical systems.

The company now claims to be offering the first British designed modular main electrical distribution unit to incorporate fully independent input and output sections.

The 1200 amp rated unit has been designed to meet the changing requirements of a construction site and is stated to meet fully the safety requirements of British Standard 4363.

Details of the equipment can be obtained from the company at Drove Road, Everton, near Liverpool, Merseyside, L14 1LZ (051 50011).

## Design of factories

THE current issue of the Architect's Journal includes the first section of a Handbook of Factory Design which will be widely used by engineers on various aspects of the subject.

The contents cover the following subjects: The industrial tradition; the basic knowledge of industry; appointment, briefing and the project team; site and development strategy; concept design; development and detailed design; planning and detailing; industrial landscape; management and supervision; and an index and bibliography.

This work should be of considerable importance to the growing industrial building needs of the country as it adds to the knowledge of the industry.

The handbook is being produced under the supervision of Jolyon Drury, an architect and consultant advising on the design of production and storage facilities.

H. A. N. BROCKMAN

PLANT INVESTIGATING & PROFITABILITY

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PURCHASES & CONTRACTS

CONTRACTS & TENDER PRESENTATIONS

CONTRACT

# The Executive's and Office World

## PENSIONS IN AMERICA

# Adapting to a major change

REPRESENTATIVE John Erlenborn of Illinois reflected a widely-held view when he said that America's Employee Retirement Income Security Act of 1974 ("ERISA") needed a "severe spanking" on the occasion of its second birthday. "The red tape surrounding ERISA is like barnacles on a ship." Some of those barnacles are now being removed.

The Act was intended to rectify many shortcomings in the nation's pension system: for instance underfunded plans that could not provide promised benefits and the failure to disclose adequately and communicate pertinent information to both employees and the Government. The importance of that system is self-evident when one considers that the combined assets of private and public pensions in the U.S. is just over \$400bn—20 per cent. of the nation's savings and investments—and it is the fastest growing source of savings in the American economy.

Like so many grand projects, the high hopes and pronouncements that accompanied the launching of ERISA were soon replaced by frustration and confusion. This might have been expected of major legislation—which took a decade to be formulated—and which was intended to reform such a complex and vital area as pensions. One thing is self evident. There was an undeniable need for Federal legislation to regulate this most important area with its great impact on both human needs and, indeed, the nation's economy. Whatever the problems, ERISA was necessary and the Internal Revenue Service (IRS), Department of Labor (DOL) and other Government agencies charged with ERISA's administration, are engaged in a genuine effort to ease the burden of compliance with the Act.

The reporting and disclosure requirements of the Internal Revenue Service and Department of Labor have been par-

As the U.K. stands on the threshold of a new era in state and occupational pensions, the U.S. is coming to terms with a major new pension system which has generated some confusion and frustration since being introduced over two years ago.

the International Foundation of Employee Benefit Plans predicted that the cost of administering pension funds would rise by 50 per cent. to 100 per cent. Regardless of the actual percentage, the cost of administration has zoomed in the three years since ERISA became law. However, some progress is being made. Welfare plans which cover over 100 employees are now exempt from many filing requirements, and pension plans with under 100 participants do not require an independent public accountant's audit. The IRS and DOL have been combining forms and establishing common filing dates wherever possible.

Concurrent with these efforts and appeals for simplification there remains the requirement for plan administrators to inform employees fully of their rights, details of plan funding and the like as required by ERISA. This is quite understandable when one considers cases such as the collapse of the Studebaker pension plan with insufficient funds to pay accrued benefits. Employees were unaware of the fund's insufficiencies.

The Department of Labor and

genuine clarity in plan documents, employee booklets and a host of other areas where understanding is essential.

ERISA's fiduciary liability provisions are another problem area. They have haunted plan trustees, administrators and others who might be considered fiduciaries. The law required that a plan fiduciary be named, but at the same time it defined fiduciaries in the broadest sense. Almost anyone connected

with the control of plan funds or administration could be deemed a fiduciary and thus personally liable, not only for direct infractions of the law, but even imprudent investments.

Of course, it was the violation of trust obligations by some persons that brought about the new provisions which have impelled plan trustees to shy away from responsibilities that they would normally have accepted without qualms. In many cases, they buried to find a corporate trustee for fund investment in the questionable hope that they would not be liable under the Act's "prudent man" rule.

The early worries of fiduciaries have not materialised, as some had feared, but one thing is certain. The law has teeth and the Government is using them. The Department of Labor has already intervened in suits for alleged prohibited transactions.

What is Congress doing? Considerable pressure has been put on Federal agencies to reduce the length of forms or even eliminate them where possible. Some of the longer forms have been shortened, but if there are to be any reductions in ERISA's fundamental reporting and disclosure requirements, much of the work of architects and chairman of the Senate and House Committees is still before Congress now.

Since the communications problem is largely related to the complexity of ERISA, the Department of Labor engaged independent experts to rewrite certain regulations in understandable terms. Few would argue that this is not a worthwhile objective, but the problem is far broader than mere regulations. It concerns the need for

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BY LOUIS C. KLEBER

EDITED BY CHRISTOPHER LORENZ

## EXECUTIVE HEALTH

BY DR. DAVID CARRICK

# If it aches, it's raining

Some men, against rains do carry in their backs Prognosticating Aching Almanacks; Some by a painful elbow, hip or knee Will shrewdly guess what weather's like to be.

John Taylor, 1580-1658

Early action on ERISA reform is unlikely, however, since Congress has such high priority items as energy and tax legislation under review. Furthermore, these Bills must be considered by separate House and Senate committees. William Chadwick, former administrator of Pension and Welfare Benefit Programmes for the Department of Labor, recently noted that four different Congressional committees have jurisdictional control in the ERISA area.

"We won't be seeing any substantive legislative activity to modify ERISA until probably late in this session of Congress. How, then, does ERISA stand up in the broad sense?

The Act appears to be accomplishing much of what Congress intended. New minimum standards have been established for eligibility to participate in plans, employee vesting in benefits which have accrued and in other important areas such as rights under claim procedures.

Also, employees covered by plans with a defined benefit formula need no longer worry about a defunct pension fund depriving them of certain benefits in which they had earned a vested interest.

A new Federal agency, the Pension Benefit Guaranty Corporation, now insures these benefits.

ERISA is clearly here to stay, but it may be many years before the machinery necessary to run it is functioning smoothly to employer needs as well as employees. ERISA, however,

does not require employers to establish pension plans nor does it set minimum benefit levels. Many workers will still retire before the machinery necessary to run it is functioning smoothly to employer needs as well as employees. ERISA, however,

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## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
Telegrams: Finantimo, London PS4. Telex: 886341/2, 888387  
Telephone: 01-248 8900

Monday October 10 1977

## Similar but different

THE Prime Minister and some also accepts that there may be of his colleagues would probably agree, at least in private, with a good many of the prescriptions contained in the latest Tory document on economic strategy. On the central issue of curbing inflation there is now a remarkable degree of consensus between the two major parties on the need for strict control of the money supply, firm cash limits on public expenditure and "responsible" wage bargaining. As its moves towards financial orthodoxy the present Government has even begun to steal some of the Tories' clothes: its new document over the plight of the small businessman is one example.

But this does not mean that the Tory Party is unable to present the electorate with a distinctive and credible set of policies. For the Conservatives, as their new document shows, the financial measures which have been adopted by the present Government under duress are part of a coherent programme for reviving the market economy. The Tories believe in the market economy: Labour's attitude to it, at best, ambivalent.

## Tax reforms

Part of the Tory paper consists of proposals for a reform of the personal and corporate taxation system which would certainly not be acceptable to a Labour Government. The proposals include reducing the basic rate of income tax, raising the thresholds, widening the higher tax bands and reducing the higher rates of tax: these cuts will be financed in part by a switch towards expenditure taxes, a switch which we certainly support. At the same time the Tories are determined to enable many more people to acquire capital, through a reduction of penal imposts on incomes, savings and transfers.

On industrial policy, too, the emphasis is on creating a healthy environment for business enterprise, and away from Government tinkering. In the light of the record of the last Conservative Administration some of the comments about non-intervention may be regarded with scepticism. The paper represents an implicit challenge "from within the ranks of organised labour" to a newly elected Conservative Government, it would be resisted "firmly and decisively," but the policies outlined in the document do not make such a confrontation seem inevitable or even likely. No doubt some trade union leaders will dislike the general tenor of the document and no doubt they would not enjoy under the Tories the privileged position which they have had under Labour, but it will be hard for them to argue that the proposals are against the interests of their members.

## Dr. David Owen goes to Moscow

DR. DAVID OWEN'S two days of talks in Moscow which begin today are not expected to produce concrete results in terms of new deals or agreements. This is a routine exchange of views provided for by the 1975 Anglo-Soviet protocol on consultations, which stated that Foreign Ministers should meet once a year. However, the timing of the visit is fortunate since it coincides with renewed activity both in East-West relations, and in the world's trouble spots like the Middle East and Southern Africa.

Both sides have let it be known that there are no serious bilateral issues just now. Even so, Dr. Owen's presence in Moscow is a reminder that it is nearly two years since Sir Harold Wilson was there as Prime Minister, an occasion on which he invited Mr. Brezhnev to Britain. That visit has still not materialised.

## Reasons obvious

In itself, this may be of no great significance since both the British and Soviet Governments have been extremely busy in the past 18 months. However, Britain is now conspicuous as the only major Western country which has never hosted Mr. Brezhnev.

Some reasons for this are obvious. The expulsion of the Soviet diplomats five years ago was a major setback to relations. The serious trade imbalance is a running sore which no end of British negotiations and nearly £1,000m. worth of credit have still failed to heal. And unlike Ireland, Mrs. Margaret Thatcher has also become a butt for personal satire, something which is extremely unusual in the Soviet media.

Against this not wholly happy background, it is obviously a good thing that this week's high level meetings are taking place. It is also encouraging that both sides have taken the trouble to squeeze the visit into tightly packed programmes, particularly the Russians who seemed keen that the trip should come off. Even if London in recent years, Mr. Sholepin and Mr. Ponomaryov, important to keep the diplomatic channels with the Soviet Union.

A further factor is undoubtedly the state of public opinion in Britain. The hostility which greeted the two senior Soviet figures to come to London in recent years, Mr. nothing concrete emerges, it must have made a deep impression on Moscow, and it is Russians open.

THE WORLD STEEL CONFERENCE MEETS IN ROME TO-DAY

# Steelmakers in search of the missing boom

BY ROY HODSON

STEELMAKERS FEAR the horrors ahead — "unknown" coming winter. They are being carried into uncharted waters by currents they do not understand. Apart from the trading cycle of boom years and slump years upon which the industry has placed great reliance is no longer occurring.

When the demand for steel in Europe rose sharply during the late summer and autumn a year ago everyone sighed with relief and said the expected boom period of the cycle was appearing right on time. But it proved to be a false dawn.

Demand slumped during the winter of 1976-77 to a world rate of some 35m. tonnes monthly, rallied weakly in the spring, and is now falling once again.

In the western world demand for steel is falling when by the rules of the game, it should be rising. No device yet employed by the companies or governments has been capable of restoring international steel demand to the levels that ruled before the 1974-75 international trading recession. Nearly all the big producers are losing money.

The question how best to stave off the growing crisis which is engulfing western steelmakers will preoccupy the International Iron and Steel Institute conference—the annual get-together for the leaders of the industry—which opens in Rome to-day.

Prominent among the 330 steel executives will be the heads of the world's 20 biggest steel companies responsible for the lion's share of the steel being made.

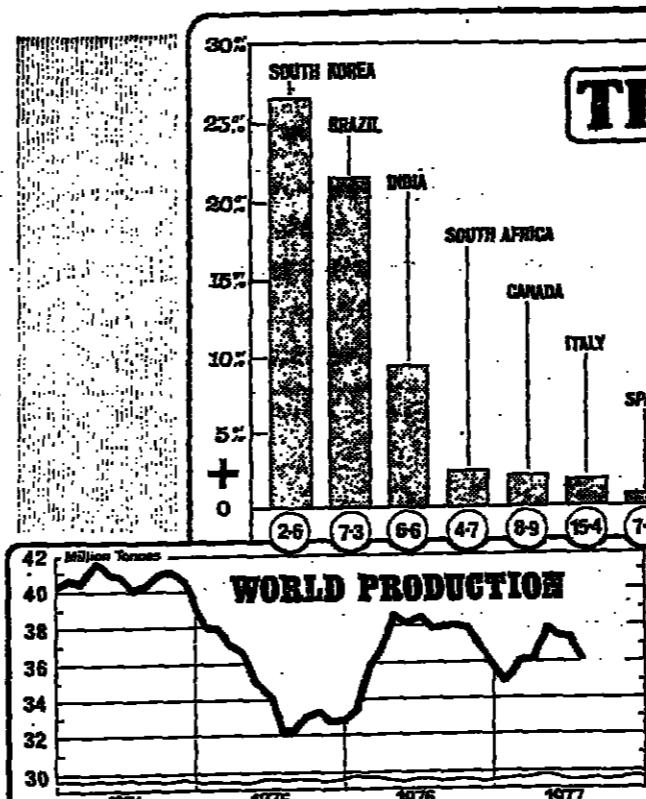
Measures being employed so far to arrest the rot—if not actually stop it—are at three levels:

• COMPANY action includes closing plants, laying-off workers, stock-piling steel in the hope of better times (an expensive business), price-cutting to hold on to local markets, and aggressive exporting at little or no profit.

• GOVERNMENTS of many industrialised countries have opened up files this year on alleged instances of foreign steel being dumped in their home markets. The latest and biggest case is the U.S. Treasury Department's action against imports of Japanese carbon steel plate into the U.S. Five of Japan's largest steel companies—Nippon Steel, Nippon Kokan, Sumitomo, Kawasaki, and Kobe—are having to suffer the ignominy of providing funds to cover estimated dumping duties while the U.S. Government investigates the situation.

• AT INTERNATIONAL level the Organisation for Economic Co-operation and Development and the European Community have both energetically tackled the deteriorating international steel situation but—so far—with depressingly few positive results.

Viscom Etienne Davignon, EEC Industry Commissioner, started a personal crusade almost a year ago to save the Community's steel industry and revitalise it. But EEC steel production is still falling. Furthermore, there is no sign that the



fundamental rationalisation of the industry which he is seeking is actually being translated from noble thoughts into action.

The accompanying chart shows the winners and losers in the international steel business this year. The big industrialised nations have, with the exception of Italy, all suffered from continuing falls in demand for their steel. In contrast smaller nations which have rapidly built up their steel industries and have big surpluses to export—Brazil, India, South Africa, South Korea, Spain—have been increasing production.

The accompanying chart shows the winners and losers in the international steel business this year. The big industrialised nations have, with the exception of Italy, all suffered from continuing falls in demand for their steel. In contrast smaller nations which have rapidly built up their steel industries and have big surpluses to export—Brazil, India, South Africa, South Korea, Spain—have been increasing production. The accompanying chart shows the winners and losers in the international steel business this year. The big industrialised nations have, with the exception of Italy, all suffered from continuing falls in demand for their steel. In contrast smaller nations which have rapidly built up their steel industries and have big surpluses to export—Brazil, India, South Africa, South Korea, Spain—have been increasing production.

The three flash-points in the world steel crisis are the U.S., European markets, and the Japanese producers.

Britain and many Governments of other steel-producing nations would have preferred to limit the damaging effects of too much steel looking for too few customers by arranging at a series of individual agreements with the big steel exporting countries. But the U.S. domestic market—traditionally rather insulated from world and steel trading storms—is now being hit sufficiently hard by Japanese steel for the Americans to insist on the hard line policy of a monitoring agency.

The European countries also worried about Japanese steel. But they do not allow the corporation to be borrowing and modern Japanese steel upon the Government to finance

dangerous from other countries. Appalled to weather the crisis. It's work that a State manufacturing expansion and modernisation concern is likely to lose some programme is now so far advanced that even if further years ending 1979 the Government would still have a modern steelmaking capability in the 1980s. Some Continental and American competitors are not so fortunate. They are persevering with old plant. Companies which enter the new steel boom—whether that may be—without adequate modern equipment will find themselves unable to stay in the hunt.

The entire British Steel strategy for a modern industry producing 30m. tonnes plus a year in the 1980s is based on exporting some 20 per cent of its production. But Whitehall is now advising the Government that it could be bad business for Britain to attempt to enter into heavy steel exports at low prices for years ahead. If, as seems likely, British Steel is told by Government to forego some of its world marketing ambitions then, clearly, its expansion programme can be trimmed commensurately and billions of pounds saved.

Other international steelmakers are anxious to know whether British Steel is determined to retain its position as third in the world steelmaking league. Or whether the corporation and the Government will conclude that a more modest ranking in the future would be of 7 to 8 per cent. A year

ago steel will start to sell again as soon as the best users—public works, highway bridge construction, ship-building, industrial plants—come back into the market. But there are alternative materials plenty to challenge steel in those applications. Aluminium, unlike steel, is already almost back to its pre-1975 growth rate.

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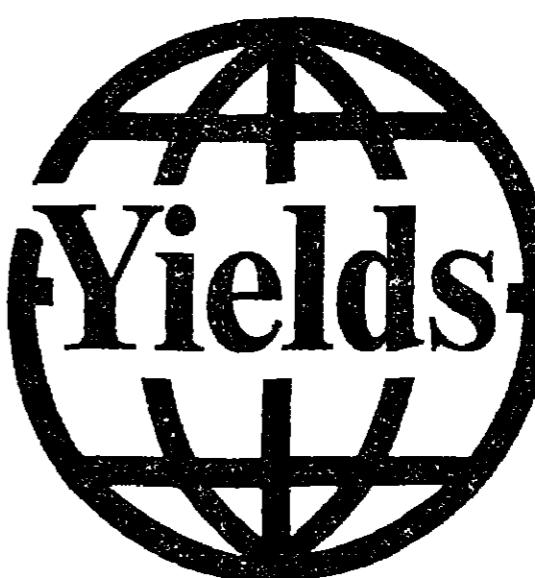
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FINANCIAL TIMES

# Eurobond Quotations and Yields

AIBD

THE ASSOCIATION OF  
INTERNATIONAL BOND DEALERS

At 30th SEPTEMBER, 1977

The Association of International Bond Dealers (AIBD) compile current market quotations and yields for Eurobond issues. These quotations and yields are published monthly by the Financial Times. The Association's prices and yields

are compiled from quotations obtained from market-makers on the last working day of each month: there is no single stock exchange for Eurobonds in the usually recognised sense—secondary market trading business is done on the telephone

between dealers scattered across the world's major financial centres. Membership of the AIBD, which was established in 1969, comprises over 450 institutions from about 27 countries.

A key to the tables is published opposite.

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The table of quotations and yields gives the latest rates available on 30th September, 1977. This information is from reports from official and other sources which the Association of International Bond Dealers considers to be reliable, but adequate means of checking its accuracy are not available and the Association does not guarantee that the information it contains is accurate or complete. All rates quoted are for indication purposes only and are not based on, nor are they intended to be used as a basis for particular transactions. In quoting the rates the Association does not undertake that its members will trade in all the listed Eurobonds and the Association, its members and the Financial Times Limited do not accept any responsibility for errors in the table.

## Eurobonds in September

By MARY CAMPBELL, Euromarkets Editor

In retrospect it may be that August will be seen as the calm before the storm, and September as the beginning of the 1978 cyclical bear market in Eurobonds. The U.S. dollar sector of the Eurobond market has seen too many sharp shifts of sentiment this year to make any forecasts with conviction but, as of now, it is looking on the dark side of the future.

The position at the end of August was that inter-bank interest rates were about the same as at the beginning of the month, having risen sharply in mid-month only to fall back again. Although there had been a weak period in Eurobonds in mid-month to coincide with the higher inter-bank rates, the market was not expecting a sharp break in September.

Although the low level of new issue volume was assumed to have helped the market in August (and in July for that

matter) it was also assumed that what this low level of activity meant was that there was a pent-up supply of potential funds to go into Eurobonds when new issue activity started up again in earnest as it was expected to do in September.

In the event, there has been little sign of this pent-up supply of funds. The new issue calendar has not been light in September but, on the other hand, it has not been as heavy as earlier this year. With hindsight it is assumed that a lot of the funds were not simply sitting waiting to go into Eurobond issues but were in fact being invested elsewhere. The British gilt market is cited as one culprit, anything denominated in Swiss francs as another.

Indeed as the funds stayed in dollars it is argued that they went into bank deposits rather than bonds.

Of the various factors which pushed

the market significantly weaker in September, two in particular are widely cited. One is that Eurodollar interest rates really did go up properly. Having taken six months to rise 14 points, the six-month Eurodollar rate went up by half a point in September alone.

The other was the weakness of the dollar, particularly against the Swiss franc. The dollar has been falling steadily against the Swiss franc since March. Having fallen 5% per cent, from March and the end of August it proceeded to fall 2% per cent in September alone (it has fallen further since then).

It is argued now that the most significant result of these circumstances was a total dearth of buying interest in Eurodollar bonds. No one was actually selling in any significant size.

The lack of buying interest meant problems particularly for new issues in the dollar sector. Many of last month's new issues were priced at a discount and not one proved scintillating in the aftermarket.

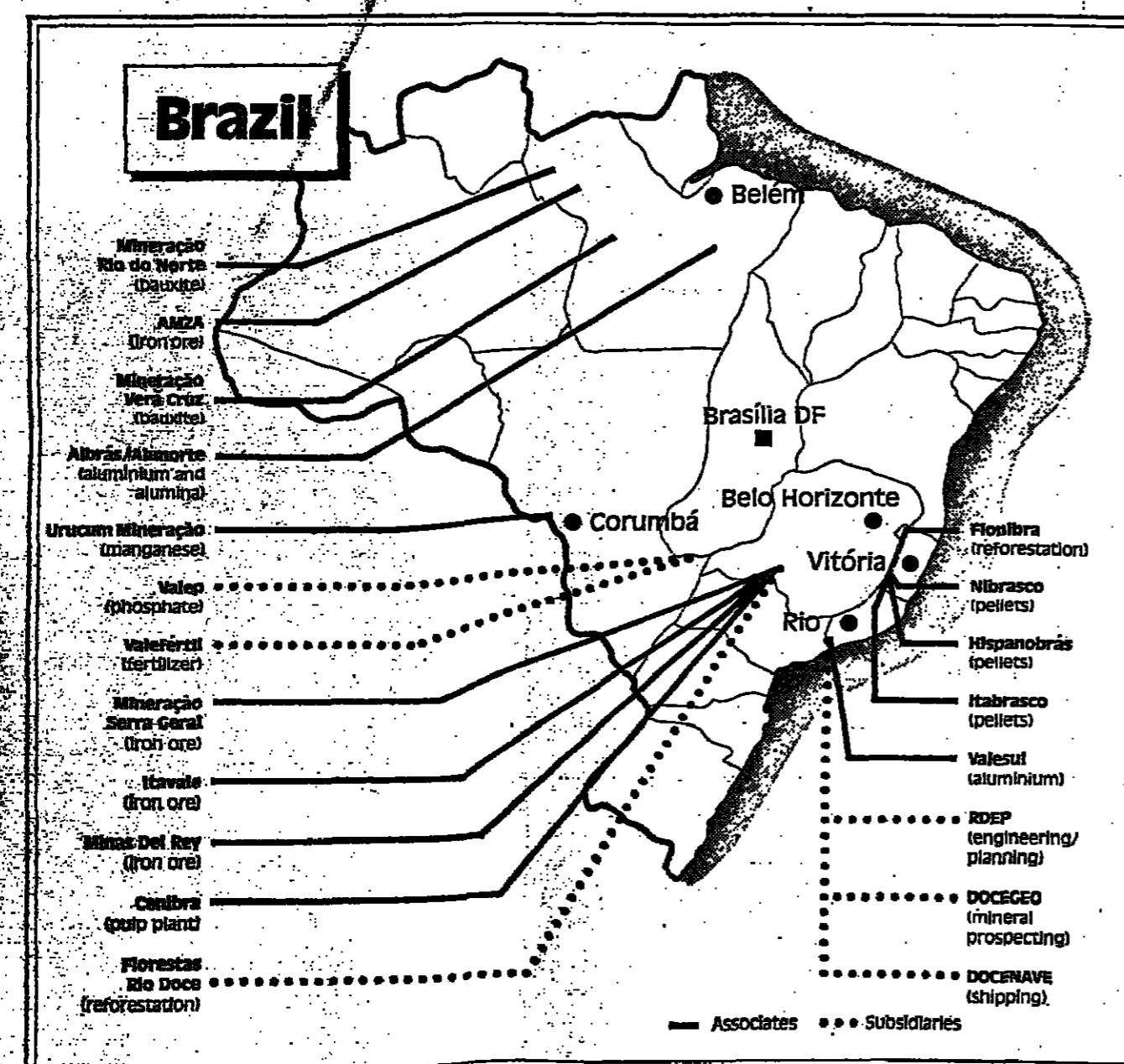
The two largest issues, for the European Coal and Steel Community and Citi-

corp, in particular performed badly. Except insofar as both borrowers are rated triple-A and the issues were there could hardly have been two more dissimilar issues. One borrower is a European supra-national institution, the other a prime U.S. Corporation. The issue for the ECSC was two tranches of 12 and 20 years, while Citicorp's offering was two tranches of three and four years.

The pricing of the ECSC issue precisely straddled the moment when market sentiment switched from basically firm to basically bearish. So strong had the apparent demand for the issue been during the offering period that both tranches were priced at steep premia; and the fact that the coupon was not cut was regarded as a concession. However in the immediate aftermarket it sank to the limit of the selling group discount.

The performance of the Citicorp issue was considerably weaker. This fell to a discount of two points in aftermarket trading—larger in real terms than might appear since the selling group discount was smaller than usual and the maturity so short.

## IRON ORE We've got a lot of it in Brazil



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If you want to know more about our company get in touch with us at the address below:

Companhia Vale do Rio Doce,  
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P.O. Box 2414/2C00  
Cable: Valeriodoce  
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Affiliates and Associated Banks: Banco Intercontinental de Investimento S.A., Rio de Janeiro  
P.T. Private Development Finance Company of Indonesia, Jakarta  
City Bank, Hawaii



ISSUED/COUPON YEAR/ISSUE/ ISSUER	BORROWER/ COUPON MATURITY	PRICE	AVERAGE LIFE TO MATURITY	FIELD TO MATURE CURRENCIES	RESCUE FUND AMOUNT	FIRST DATE/ SECURITY/ISSUE/ LISUNG	LAST DATE/ SECURITY/ISSUE/ LISUNG	MARKETMAKERS	ISSUED/COUPON YEAR/ISSUE/ ISSUER	BORROWER/ COUPON MATURITY	PRICE	AVERAGE LIFE TO MATURITY	FIELD TO MATURE CURRENCIES	RESCUE FUND AMOUNT	FIRST DATE/ SECURITY/ISSUE/ LISUNG	LAST DATE/ SECURITY/ISSUE/ LISUNG	MARKETMAKERS						
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40.00 1976 POLIS AUTOMOBILES	100 3/4	14.13	8.80	8.83	100.23	1981 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973		
40.00 1976 POLIS AUTOMOBILES	9.00	8.38	8.43	8.46	4.60	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973		
20.00 1965 RENAULT	98 3/4	4.84	7.15	8.86	101.50	1978 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973		
10.00 1965 RENAULT	9.75	8.75	7.39	8.46	2.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973		
25.00 1976 RENAULT AUTOMOBILES	101 1/2	3.71	8.24	8.42	100.50	1981 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973		
10.00 1976 RENAULT AUTOMOBILES	8.75	12/3/1981	98 5/8	5.82	9.05	8.87	100.00	1981 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
30.00 1967 RENAULT	9.75	12/3/1981	98 5/8	7.21	6.75	6.80	100.00	1978 FG ED 102 115 210 215 210 941	1981 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
10.00 1967 RENAULT	9.75	12/3/1981	98 5/8	4.21	6.82	100.00	1978 FG ED 102 115 210 215 210 941	1981 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973	
100.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
50.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
100.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
100.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
100.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
100.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
100.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
100.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 973	100	7.29	7.13	7.04	121.00	1978 FG ED 218 105 210 210 941 973
100.00 1976 RENAULT	9.75	12/3/1981	102 7/8	5.23	6.26	6.89	100.00	1982 FG ED 102 115 210 215 210 941	1982 12	975	15.00 1967 ISRAEL IND DEV'N BANK	97 3/4	7.16	7.47	7.29	102.50	1977 ED ED 310 310 310 941 9						





ISSUED/ESTIMATED (AND) YEAR/ISSUE PRICE	BORROWER/COUPON/MATURITY	PRICE	LIFE/AVERAGE LIFE YIELD TO MATURITY/ CURRENT YIELD	NET CALL DATE/ NET CALL PRICE/ SECURITY/LENDING LISTING/SECURITY MANAGER	MARKETMAKERS
30.00 1972 TECNOGEC SNC 99 5/8 20.09 7.63 7.76 101.50 1971-72 21/10 504 35 105 115 305 425 713					
30.00 1981 7.75 1/11/1987 99 5/8 9.62 7.97 7.87 101.00 1982-83 20/10 504 497 950 980 970 973					
100.00 1977 TECNOGEC SNC 99 1/2 9.62 7.97 7.87 101.00 1982-83 20/10 504 497 950 980 970 973					
30.00 1975 TECNOGEC SNC 99 1/2 7.75 7.76 101.00 1971-72 21/10 504 497 950 980 970 973					
30.00 1975 TECNOGEC SNC 99 1/2 7.75 7.76 101.00 1971-72 21/10 504 497 950 980 970 973					
30.00 1975 TECNOGEC SNC 99 1/2 7.75 7.76 101.00 1971-72 21/10 504 497 950 980 970 973					
20.00 1971 TRANSASIA O.F. FIN 102 3/8 9.17 8.12 8.38 100.00 1971-72 21/10 504 497 950 980 970 973					
18.00 1970 8.30 1/11/1986 102 3/8 9.17 8.12 8.38 100.00 1971-72 21/10 504 497 950 980 970 973					
20.00 1968 TRANSASIA GULF OIL 100 1/2 8.85 8.87 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1968 TRANSASIA GULF OIL 100 1/2 8.85 8.87 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1969 TRANSASIA GULF OIL 100 1/2 8.85 8.87 100.25 1971-72 21/10 504 497 950 980 970 973					
19.00 1970 7.00 1/3/1981 100 1/2 8.42 8.68 6.97 100.20 1971-72 21/10 504 497 950 980 970 973					
40.00 1971 TRANSASIA GULF OIL 100 1/2 8.42 8.68 6.97 100.20 1971-72 21/10 504 497 950 980 970 973					
35.00 1980 7.00 1/3/1987 100 1/2 8.42 8.68 6.97 100.20 1971-72 21/10 504 497 950 980 970 973					
30.00 1969 TRANSASIA GULF OIL 101 1/2 8.43 8.43 8.43 100.25 1971-72 21/10 504 497 950 980 970 973					
22.00 1980 8.00 1/12/1984 101 1/2 8.43 8.43 8.43 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1971 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
28.00 1970 8.00 1/3/1982 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
28.00 1970 8.00 1/3/1982 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1980 9.00 1/14/1985 100 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1968 TECO O.F. CAP 99 1/2 6.28 7.35 7.29 101.00 1971-72 21/10 504 497 950 980 970 973					
14.75 1975 TECO O.F. CAP 7.25 7.28 7.28 101.00 1971-72 21/10 504 497 950 980 970 973					
20.00 1971 TECO O.F. FIN 101 3/8 9.05 8.46 8.60 101.00 1970-71 21/10 504 497 950 980 970 973					
18.00 1980 8.75 1/10/1986 101 3/8 9.05 8.46 8.60 101.00 1970-71 21/10 504 497 950 980 970 973					
20.00 1967 U.S. REGULATED INDUSTRIAL 99 1/4 4.58 6.55 6.40 101.15 1972-73 21/10 504 497 950 980 970 973					
9.50 1975 8.25 1/4/1982 5 102 3/8 7.75 7.76 101.20 1972-73 21/10 504 497 950 980 970 973					
10.00 1975 8.25 1/4/1982 5 102 3/8 7.75 7.76 101.20 1972-73 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1980 9.00 1/14/1985 100 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1968 TECO O.F. CAP 99 1/2 6.28 7.35 7.29 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1971 TECO O.F. FIN 101 3/8 7.75 7.25 7.29 100.25 1971-72 21/10 504 497 950 980 970 973					
18.00 1980 8.75 1/12/1984 101 3/8 7.75 7.25 7.29 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1971 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1980 8.00 1/14/1985 100 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 1975 8.25 1/4/1982 5 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
20.00 1970 TRANSASIA GULF OIL 102 1/2 8.42 8.58 7.80 100.25 1971-72 21/10 504 497 950 980 970 973					
15.00 19					

*All of these securities having been sold, this announcement appears as a matter of record only.*

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<b>CONVERTIBLES-FRANCE</b>																										
100.00 1972 GERALD BIASING	76 66 7.58 10.82 271500	107.55	NP EU 92 205 210 329 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1968 HANSEAS INT	93.7/4 5-1	NP EU 447 805 965 975	80 6.08	NP EU 1/12/1967	50-71	NY	447 805 965 960 975	20.00 1968 HANSEAS INT	93.7/4 5-1	NP EU 447 805 965 960 975	80 6.08	NP EU 1/12/1967	50-71	NY	447 805 965 960 975		
100.00 1960 3.00 1/6/1987	477 5.28	15/ 9/1972	107.55	NP EU 92 205 210 329 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	95.7/8 4-69	NP EU 447 805 965	5-79	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	95.7/8 4-69	NP EU 447 805 965 960 975	5-79	NP EU 1/12/1972	437 805 965 960 975					
34.00 1968 MICHELIN INT DEV.	137 4.72	1/7/1980	107.55	NP EU 92 205 210 329 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	109.7/8 4-47	NP EU 447 805 965	11-40	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	109.7/8 4-47	NP EU 447 805 965 960 975	11-40	NP EU 1/12/1972	437 805 965 960 975					
49.00 1960 6.00 3/7/1980	131 5.51	1/7/1970	107.55	NP EU 92 205 210 329 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	112.7/8 5-53	NP EU 447 805 965	12-45	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	112.7/8 5-53	NP EU 447 805 965 960 975	12-45	NP EU 1/12/1972	437 805 965 960 975					
30.00 1970 SUZ ET L'UNION PARIS	95 1/2 7.33	7.78 1/7/1981	107.55	NP EU 92 205 210 329 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	114.7/8 5-63	NP EU 447 805 965	13-50	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	114.7/8 5-63	NP EU 447 805 965 960 975	13-50	NP EU 1/12/1972	437 805 965 960 975					
30.00 1970 15/ 7/1985	130 6.78	3/8/1980	107.55	NP EU 92 205 210 329 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	116.7/8 5-73	NP EU 447 805 965	14-55	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	116.7/8 5-73	NP EU 447 805 965 960 975	14-55	NP EU 1/12/1972	437 805 965 960 975					
30.00 1974 ASIA FABRICATORS INT	80 8.12	3/8/1980	9.7	34.72	NP EU 150 335 360 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	118.7/8 5-83	NP EU 447 805 965	15-60	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	118.7/8 5-83	NP EU 447 805 965 960 975	15-60	NP EU 1/12/1972	437 805 965 960 975				
30.00 1960 6.30 11/2/1980	83 8.11	3/8/1980	9.7	34.72	NP EU 150 335 360 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	119.7/8 5-93	NP EU 447 805 965	16-65	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	119.7/8 5-93	NP EU 447 805 965 960 975	16-65	NP EU 1/12/1972	437 805 965 960 975				
30.00 1975 ASARCA CHEMICAL	103 7.8	3.77 1/4/1980	140.2	1.63	NP EU 337 575 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	121.7/8 5-93	NP EU 447 805 965 960 975	17-70	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	121.7/8 5-93	NP EU 447 805 965 960 975	17-70	NP EU 1/12/1972	437 805 965 960 975				
30.00 1960 6.00 3/1/1980	103 5.81	5.66 3/8/1980	4.42	NP EU 501 501 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	123.7/8 5-93	NP EU 447 805 965 960 975	18-75	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	123.7/8 5-93	NP EU 447 805 965 960 975	18-75	NP EU 1/12/1972	437 805 965 960 975					
10.00 1974 CASINO	107 3.74	3/8/1980	3.77	NP EU 501 501 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	125.7/8 5-93	NP EU 447 805 965 960 975	19-80	NP EU 1/12/1972	437 805 965 960 975	20.00 1972 BEATRICE FOODS	125.7/8 5-93	NP EU 447 805 965 960 975	19-80	NP EU 1/12/1972	437 805 965 960 975					
30.00 1960 6.00 3/1/1980	107 3.74	3/8/1980	3.77	NP EU 501 501 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	127.7/8 5-93	NP EU 447 805 965 960 975	20.00 1972 BEATRICE FOODS	127.7/8 5-93	NP EU 447 805 965 960 975	20.00 1972 BEATRICE FOODS	127.7/8 5-93	NP EU 447 805 965 960 975	20.00 1972 BEATRICE FOODS	127.7/8 5-93	NP EU 447 805 965 960 975					
30.00 1974 DAY & PATER PRINTING	207 3.64	3.77 1/7/1980	107.55	NP EU 399 501 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	129.7/8 5-93	NP EU 447 805 965 960 975	21.00 1972 BEATRICE FOODS	129.7/8 5-93	NP EU 447 805 965 960 975	21.00 1972 BEATRICE FOODS	129.7/8 5-93	NP EU 447 805 965 960 975	21.00 1972 BEATRICE FOODS	129.7/8 5-93	NP EU 447 805 965 960 975					
30.00 1960 6.73	31/ 3/1980	5.85	3.77	NP EU 399 501 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	131.7/8 5-93	NP EU 447 805 965 960 975	22.00 1972 BEATRICE FOODS	131.7/8 5-93	NP EU 447 805 965 960 975	22.00 1972 BEATRICE FOODS	131.7/8 5-93	NP EU 447 805 965 960 975	22.00 1972 BEATRICE FOODS	131.7/8 5-93	NP EU 447 805 965 960 975					
30.00 1974 DAUX LINC	106 7.8	3.77 1/7/1980	107.55	NP EU 399 501 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	133.7/8 5-93	NP EU 447 805 965 960 975	23.00 1972 BEATRICE FOODS	133.7/8 5-93	NP EU 447 805 965 960 975	23.00 1972 BEATRICE FOODS	133.7/8 5-93	NP EU 447 805 965 960 975	23.00 1972 BEATRICE FOODS	133.7/8 5-93	NP EU 447 805 965 960 975					
30.00 1974 DAY & PATER PRINTING	207 3.64	3.77 1/7/1980	107.55	NP EU 399 501 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	135.7/8 5-93	NP EU 447 805 965 960 975	24.00 1972 BEATRICE FOODS	135.7/8 5-93	NP EU 447 805 965 960 975	24.00 1972 BEATRICE FOODS	135.7/8 5-93	NP EU 447 805 965 960 975	24.00 1972 BEATRICE FOODS	135.7/8 5-93	NP EU 447 805 965 960 975					
30.00 1974 DAY & PATER PRINTING	207 3.64	3.77 1/7/1980	107.55	NP EU 399 501 965 975	25.00 1972 GENERAL SERIFICO	97.5/8 -5.35	NP EU 361 805 965	NP	NP	20.00 1972 BEATRICE FOODS	137.7/8 5-93	NP EU 447 805 965 960 975	25.													

ISSUE/ YEAR OF ISSUE	BORROWER/ COUPON MATURITY	BOND PRICE/ SHARPE PRICE	YIELD TO MATURITY	CONVENTION PRICE	CONVENTION START	PREMIUM/DISCOUNT %	DELIVERY/ SECURITY/QUANTITY	LEAD MANAGER	MARKET MAKERS
30.00 1988 GULF & WESTERN INT 5.00 1/2/1988	81 1/2 6.13	7.05	91 10/44	PC EU 427	25 520 800 810 935				
49.00 1988 GULF & WESTERN INT 5.00 1/2/1988	11 7/8 5.56	3.40	1/ 8/1988	PC EU 427	940 940 975				
15.00 1972 HARRIS INT FIN 5.00 1/10/1992	123 7/8 4.04	8.04	80 33	PC EU 427	800 935 940 960 975				
15.00 1970 HOLDAY INNS 6/75 6.00 15/10/1985	38 1/2 2.08	12.65	29/12/1972	PC EU 427	800 935 940 960 975				
15.00 1970 HOLDAY INNS 6/75 6.00 15/10/1985	38 1/2 2.08	12.65	29/12/1972	PC EU 427	800 935 940 960 975				
30.00 1971 HONEYWELL CAP 6.00 15/10/1985	90 5/8 6.62	7.45	89 12/90	PC EU 361	25 520 800 870 935				
30.00 1971 HONEYWELL CAP 6.00 15/10/1985	90 5/8 6.62	7.45	89 12/90	PC EU 361	940 960 975				
30.00 1968 HONEYWELL CAP 6.00 15/10/1985	89 3/4 5.65	7.47	89 10/16	PC EU 361	800 935 940 960 975				
16.01 1981 HONEYWELL CAP 6.00 15/10/1985	89 3/4 5.65	7.47	89 10/16	PC EU 361	940 960 975				
25.00 1968 I.T.C. INT 5.50 15/10/1985	52 10 18.39	80 53 1/2	78 20	15	800 975				
50.00 1977 I.T.C. OVERSEAS FIN 6.00 15/10/1985	95 1/8 6.31	6.44	80 48 1/2	PC EU 325	320 800 835 940 960				
50.00 1970 I.T.C. OVERSEAS FIN 6.00 15/10/1985	42		1/ 5/1966	PC EU 325	975				
20.00 1971 INTER-CONT HOTELS 6/95 6.00 15/10/1985	85 1/2 8.19	9.51	80 13/73	10.00	PC EU 447	800 940 960 975			
20.00 1970 INTER-CONT HOTELS 6/95 6.00 15/10/1985	85 1/2 8.19	9.51	80 13/73	10.00	PC EU 447	940 960 975			
50.00 1968 INT STANDARD ELECTRIC 6.00 15/10/1985	80 3/4 5.76	6.87	80 54 3/6	48.85	PC EU 327	320 800 870 935			
45.00 1970 INT STANDARD ELECTRIC 6.00 15/10/1985	80 3/4 5.76	6.87	80 54 3/6	48.85	PC EU 327	940 960 975			
16.00 1968 INT STANDARD ELECTRIC 6.00 15/10/1985	80 3/4 5.76	6.87	80 54 3/6	48.85	PC EU 327	800 935 940 960 975			
14.00 1970 INT STANDARD ELECTRIC 5.25 15/10/1985	82 7/8 6.13	6.36	80 54 3/6	48.85	PC EU 327	940 960 975			
25.00 1970 INT STANDARD ELECTRIC 5.25 15/10/1985	82 7/8 6.13	6.36	80 54 3/6	48.85	PC EU 327	800 935 940 960 975			
12.00 1966 ITC UTILITIES 6/5 6.00 15/10/1985	92 5.72	6.41	80 18	24.00	PC EU 359	800 940 975			
3.00 1972 ITC UTILITIES 6/5 6.00 15/10/1985	12 7.00 7.70	7.67	1/ 6/1987	PC EU 359					
15.00 1966 ITC FINANCE HOLDINGS 6.00 15/10/1985	91 5/4 4.96	8.85	80 41	18.48	PC EU 327	800 975			
2.00 1966 ITC FINANCE HOLDINGS 6.00 15/10/1985	2 3/8 3.54	8.50	1/ 8/1987	PC EU 327					
50.00 1972 I.T.T. 6/75 6.00 15/10/1985	85 1/2 6.36	6.79	80 56 1/8	51.16	PC EU 327	320 800 870 935			
30.00 1972 I.T.T. 6/75 6.00 15/10/1985	85 1/2 6.36	6.79	80 56 1/8	51.16	PC EU 327	940 960 975			
20.00 1969 I.T.T. GENERATION FIN 5.50 15/10/1985	95 2/8 6.78	7.02	80 55	66.25	PC EU 441	25 520 800 870 935			
25.00 1969 I.T.T. GENERATION FIN 5.50 15/10/1985	95 2/8 6.78	7.02	80 55	66.25	PC EU 441	940 960 975			
24.00 1969 I.T.T. GENERATION FIN 4.75 15/10/1985	82 3/4 5.34	8.80	1/ 5/1987	PC EU 441	800 940 960 975				
3.00 1970 I.T.T. GENERATION FIN 4.75 15/10/1985	12 7.00 7.70	7.67	1/ 6/1987	PC EU 441					
15.00 1966 ITC FINANCIAL HOLDINGS 6/5 6.00 15/10/1985	91 5/4 4.96	8.85	80 41	18.48	PC EU 327	800 975			
2.00 1966 ITC FINANCIAL HOLDINGS 6/5 6.00 15/10/1985	2 3/8 3.54	8.50	1/ 8/1987	PC EU 327					
15.00 1968 ITC RESOURCES 6/5 6.00 15/10/1985	85 1/2 6.10	8.61	80 16	PC EU 327	800 975				
15.00 1968 ITC RESOURCES 6/5 6.00 15/10/1985	85 1/2 6.10	8.61	80 16	PC EU 327	940 960 975				
20.00 1968 LEASCO WORLD TRADE 6/5 6.00 15/10/1985	81 6.17	7.66	80 48	39.89	PC EU 361	800 933 940 960 975			
20.00 1968 LEASCO WORLD TRADE 5.00 15/10/1985	23 5/8 7.20	7.67	80 15/1965	PC EU 361	800 933 940 960 975				
45.00 1969 LEASCO INT 6/5 6.00 15/10/1985	71 3/4 6.37	9.10	80 62	88.30	PC EU 361	800 933 940 960 975			
40.00 1969 LEASCO INT 6/5 6.00 15/10/1985	71 3/4 6.37	9.10	80 62	88.30	PC EU 361	940 960 975			
15.00 1968 LEVEL-TURNING INT 6/5 6.00 15/10/1985	24 21.92 28.35	80 46 92	PC EU 327	800 975					
14.00 1968 LEVEL-TURNING INT 6/5 6.00 15/10/1985	14 21.92 28.35	80 46 92	PC EU 327	940 960 975					
60.00 1968 LTV INTERNATIONAL 6/5 6.00 15/10/1985	61 1/4 5.66	11.43	80 32	28.00	PC EU 447	800 933 940 960 975			
24.00 1969 LTV INTERNATIONAL 6/5 6.00 15/10/1985	7 1/4 4.40	11.43	1/ 7/1969	PC EU 447					
30.00 1968 MARINE CARGO 6/5 6.00 15/10/1985	70 2/8 6.35	8.04	80 49	165.75	PC EU 441	320 800 870 935			
30.00 1968 MARINE CARGO 6/5 6.00 15/10/1985	70 2/8 6.35	8.04	80 49	165.75	PC EU 441	940 960 975			
15.00 1973 MARKETEX 5.00 15/10/1985	74 3/8 6.69	8.64	80 25 74	126.41	PC EU 447	800 933 940 960 975			
15.00 1968 MARKETEX 5.00 15/10/1985	74 3/8 6.69	8.64	80 25 74	126.41	PC EU 447	940 960 975			
30.00 1973 MARKETEX 5.00 15/10/1985	85 5.29	8.34	80 25 74	126.41	PC EU 447	800 933 940 960 975			
20.00 1968 MARKETEX 5.00 15/10/1985	85 5.29	8.34	80 25 74	126.41	PC EU 447	940 960 975			
25.00 1965 MARKETEX 5.00 15/10/1985	95 1/8 4.79	5.32	80 86	35.30	PC EU 399	320 800 870 935			
25.00 1965 MARKETEX 5.00 15/10/1985	95 1/8 4.79	5.32	80 86	35.30	PC EU 399	940 960 975			
50.00 1972 J.P. MORGAN 6/5 6.00 15/10/1985	101 4.21	4.12	80 52 1/4	9.65	PC EU 456	320 800 870 935			
50.00 1968 J.P. MORGAN 6/5 6.00 15/10/1985	48 1/8 4.16	9.50	80 52 1/4	9.65	PC EU 456	940 960 975			
30.00 1968 JUPITER 6/5 6.00 15/10/1985	113 1/2 8.74	9.41	80 55	10.01	PC EU 441	800 933 940 960 975			
30.00 1968 JUPITER 6/5 6.00 15/10/1985	113 1/2 8.74	9.41	80 55	10.01	PC EU 441	940 960 975			
30.00 1968 JUPITER 6/5 6.00 15/10/1985	113 1/2 8.74	9.41	80 55	10.01	PC EU 441	800 933 940 960 975			
30.00 1968 JUPITER 6/5 6.00 15/10/1985	113 1/2 8.74	9.41	80 55	10.01	PC EU 441	940 960 975			
30.00 1968 JUPITER 6/5 6.00 15/10/1985	113 1/2 8.74	9.41	80 55	10.01	PC EU 441	800 933 940 960 975			
30.00 1968 JUPITER 6/5 6.00 15/10/1985	113 1/2 8.74	9.41	80 55	10.01	PC EU 441	940 960 975			
30.00 1968 JUPITER 6/5 6.									

## WestLB Euro-Deutschmarkbond Quotations and Yields

Issue Middle Price Current Yield Life\* Yield to Maturity Repayment D - payment drawing by lot at last S - current fund

1% ADELA 76/83	104.75	7.64	5.50	6.92	1. 4.83	
ADELA 77/82P	101.00	7.18	4.71	6.98	1. 6.82	
AEG 66/81	100.25	6.98	4.83	6.93	1. 6.82	
Airport Park 69/84P (G)	103.50	5.80	1.81	3.94	1. 2.72-81D	
AKZO 75/82P	100.25	6.48	3.29	6.40	1. 3.75-81D	
AKZO 76/83P	107.00	8.41	4.33	7.05	1. 2.82	
Alusuisse Int'l 75/83	104.25	7.43	5.67	6.81	1. 6.83	
AMEX Int'l 77/84P	108.90	7.58	4.81	6.06	1. 8.81-83D	
A.P.E.L. 74/81 (G)	104.00	6.49	6.50	5.98	1. 4.54	
ARBED Finance 76/83P	106.00	9.43	2.62	7.38	1. 12.77-81D	
ARBED Finance 77/87	103.00	7.52	6.08	7.12	1. 11.83	
Ardal-Sundal 75/81P	98.50	6.85	9.67	6.96	1. 6.82-875	
Ardal-Sundal 77/88P	106.00	8.25	3.75	6.86	1. 12.70-795	
Argentine 67/79	101.00	6.68	8.08	6.58	1. 10.71-765	
Argentine 68/78	100.15	6.99	1.66	6.88	1. 7.81	
Argentine 69/79	104.25	6.71	1.00	6.58	1. 7.82-895	
Australia 74/79	102.60	7.80	1.66	6.42	1. 12.72-795	
Australian 77/84	100.75	7.44	7.00	7.36	1. 10.84-845	
Asian Dev. Bk. 69/84	103.90	6.74	3.80	5.92	1. 9.75-845	
Asian Dev. Bk. 75/80P	106.00	8.02	3.12	6.31	1. 16.11-80	
Asian Dev. Bk. 76/82	106.00	7.55	4.42	6.38	1. 3.82	
Asian Dev. Bk. 76/83P	105.00	7.38	5.50	6.62	1. 4.83	
Asian Dev. Bk. 77/85	103.10	6.79	2.50	6.46	1. 4.85	
ASKO 75/80P	107.00	8.88	2.50	6.35	1. 4.80	
Aumar 73/88 (G)	101.25	7.43	5.54	7.35	1. 2.79-88D	
Aumar 76/84 (G)	109.00	7.36	3.75	7.43	1. 8.87-845	
Australia 67/82	103.00	7.52	6.75	7.16	1. 7.84	
Australia 68/83	104.25	6.42	5.24	6.32	1. 11.73-825	
Australia 69/84	106.00	6.37	3.27	4.80	1. 8.74-835	
Australia 70/84	102.55	6.28	3.29	5.36	1. 2.73-845	
Australia 71/84	105.40	6.38	3.97	5.79	1. 11.73-845	
Australia 72/87	106.50	6.57	5.07	5.69	1. 2.78-875	
Australia 74/80	112.70	8.87	3.00	5.31	1. 10.80	
Australia 75/82	111.90	8.04	4.33	5.80	1. 2.82	
Australia 75/82 IP	106.00	7.78	4.50	6.65	1. 4.22	
Australia 75/82 IIP	106.00	7.78	4.58	6.67	1. 5.82	
Aust. Ind. Dev. Corp. 72/87	102.75	6.37	5.34	6.13	1. 11.78-87D	
Austr. Ship. Com. 76/83P (G)	106.00	7.55	5.92	6.73	1. 9.83	
Rep. of Austria 68/62	103.25	6.78	2.45	5.64	1. 4.73-825	
Rep. of Austria 69/83	102.75	6.33	2.92	5.54	1. 4.75-835	
Rep. of Austria 74/79P	106.00	9.96	1.75	5.77	1. 7.79	
Rep. of Austria 74/80P	107.50	9.07	3.08	6.95	1. 11.80	
Rep. of Austria 74/81P	108.00	9.03	4.17	7.43	1. 12.81	
Rep. of Austria 75/80P	106.00	8.96	2.33	6.61	1. 2.80	
Rep. of Austria 75/81P	107.00	7.71	3.67	6.05	1. 6.81	
Rep. of Austria 75/82P	106.50	8.22	2.96	6.25	1. 4.79-82D	
Rep. of Austria 75/83	107.25	8.39	5.33	7.29	1. 2.83	
Rep. of Austria 75/83P	107.00	8.18	3.44	6.40	1. 4.79-83D	
Rep. of Austria 75/84	107.80	7.88	5.27	6.68	1. 5.78-875	
Rep. of Austria 76/86	107.75	7.19	7.05	7.34	1. 5.83-865	
Rep. of Austria 77/85	103.85	6.50	6.61	6.02	1. 4.83-855	
Rep. of Austria 77/87P	104.00	6.73	7.19	6.28	1. 1.83-87D	
Rep. of Austria 78/87P	103.00	6.55	7.27	6.22	1. 2.83-87D	
Rep. of Austria 78/87P	99.50	6.03	9.92	6.07	1. 9.84-87D	
Autopista 69/84 (G)	101.00	2.18	3.61	7.05	1. 7.73-845	
Autopista 71/85 (G)	103.00	7.77	4.76	7.38	1. 10.77-865	
Autopista 71/87 (G)	99.30	6.80	5.23	6.91	1. 10.78-87D	
Banco N. Obras 71/86 (G)	103.50	7.28	4.36	7.16	1. 11.77-865	
Banco N. Obras 76/81 (G)	106.75	8.43	3.92	6.96	1. 7.80-81	
Banco N. Obras 77/82P (G)	100.00	7.25	4.87	7.24	1. 16.88	
Banco N. Obras 77/84 (G)	97.75	7.16	7.00	7.42	1. 10.84	
BAIF 65/80	102.50	5.85	1.98	4.65	1. 10.71-80D	
BEC Finance 76/83P	103.50	7.25	6.08	6.78	1. 11.83	
Beecham Fin. 76/83	101.60	7.07	6.08	7.66	1. 11.83	
Bergen 74/79	100.00	9.17	2.17	5.46	1. 12.79	
Bergen 75/85	109.00	8.03	5.23	6.73	1. 5.81-85D	
Bergen 77/89	104.50	6.94	7.13	6.43	1. 2.81-89D	
BFCE 75/83 (G)	107.30	7.69	4.73	6.40	1. 7.81-835	
BFCE 76/84 (G)	107.25	7.69	5.73	6.68	1. 7.82-845	
BFCE 77/87 (G)	102.50	6.83	2.75	6.55	1. 2.83-875	
BNDE 77/87	104.75	8.11	6.89	7.58	1. 4.83-827	
Boehler 74/77P	100.00	10.00	0.17	9.59	1. 12.77	
Borg-Warner 69/84	101.70	7.37	3.40	7.05	1. 5.81	
Borregaard 75/81P	107.00	8.41	3.58	6.71	1. 5.81	
Brascan Int'l 73/88	104.80	8.11	6.66	7.56		
Brazil 72/82	98.00	6.89	10.00	7.04	1. 10.76-875	
Brazil 76/84	107.75	8.12	6.42	7.12	1. 10.82-86	
Brenner 68/83 (G)	103.50	6.52	3.25	5.63	1. 8.74	
British Gas 65/79 (G)	101.50	6.65	0.99	5.25	1. 4.75-79D	
British Gas 69/84 (G)	102.60	6.58	3.38	5.98	1. 4.75-84D	
British Petrol 65/80	101.50	5.42	1.65	4.52	1. 6.71-80D	
Burmah Oil 70/85	104.00	8.17	4.39	7.55	1. 11.76-85D	
C.C.C.E. 75/85 (G)	107.75	7.89	5.43	6.73	1. 4.81-85D	
C.C.C.E. 76/86 (G)	108.00	7.87	7.21	7.04	1. 7.73-86D	
C.C.C.E. 77/89 (G)	103.00	6.80	7.67	6.48	1. 4.81-89D	
CECA 64/79	102.55	5.49	1.16	5.34	1. 6.68-79D	
CECA 65/83	102.55	5.49	2.92	5.39	1. 4.71-83D	
CECA 71/86	104.75	7.16	4.38	5.21	1. 5.77-86D	
CECA 72/87	101.70	6.39	5.01	6.09	1. 7.78-87D	
CECA 73/88	103.60	6.76	5.51	6.20	1. 2.79-88D	
CECA 74/81P	101.25	6.42	5.75	6.72	1. 1.47-88D	
CECA 74/87P	107.50	9.20	1.92	5.74	1. 1.47-87P	
CECA 75/88	109.00	9.17	3.92	7.27	1. 9.81	
CECA 76/84	102.75	6.42	4.17	6.09	1. 12.81	
CECA 77/88	106.00	6.50	3.59	6.48	1. 10.82-86	
CECA 78/89	106.00	6.50	3.59	6.48	1. 4.75-845	
CECA 79/88	107.50	6.42	5.75	6.72	1. 1.47-88D	
CECA 79/89						

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EC3M 1HX P 628-2721/2723 T 88 7188  
911 Citicorp International Bank Limited  
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WC2R 1LS P 836-1230 T 88 4933  
912 Continental Illinois N.V.  
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230 -Kuwait Financial Consultants  
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32 Kuhn, Loeb & Co.  
New York 40 Wall Street  
NY 10005 P 212 4220 T 420 107  
33 Lazard Frères & Co.  
T 423 036 ITT  
35 Merrill Lynch, Pierce, Fenner & Smith  
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60 Salomon Brothers  
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70 Shields Model Reland Incorporated  
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<i>maturity up to 5 years</i>					
8 % Invest 1973/II/B/82	100,-	3,11	8,74	8,-	20.11.74-82 at 102,0 to 102,5
8 % Invest 1974/II/B/82	101,75	2,48	8,89	7,86	1. 4.76-82 at 104,0 to 104,5
8 1/2% Energie 1974/S/80	99,50	2,10	8,90	8,54	15.11.77-80 at 100,0 to 100,5
8 1/2% Innsbruck 1974/B/82	99,10	3,05	8,99	8,58	19.11.75-82 at 101,0
8 1/2% Kärnten 1975/B/81	100,30	1,91	8,90	8,47	7. 3.78-81 at 101,0 to 101,5
8 1/2% Steir. Wasser Kraft 1975/B/81	100,10	1,94	8,90	8,49	18. 3.78-81 at 101,0
8 1/2% Steyr-Daimler-Puch 1974/B/81	99,75	2,55	8,80	8,52	29.10.75-81 at 100,5
<i>maturity over 5 years</i>					
8 % Österreich 1969/C/84	98,50	3,73	8,99	8,12	1.

# A crisis of financial success

BY ANTHONY HARRIS

SPITE of the confident words of Government stock; so far as has been called for stability, suggests gets, something else will have minister in Brighton, the financial self-financing. There has also been a remarkable rise in non-resident sterling bank deposits, which are not counted in the domestic money supply, as corporate treasures overseas have decided that London is a safer home than New York for their cash balances. So far as British companies have benefited from a prospective borrowing requirement which would demand substantial sales of stock even if the foreign inflow only increases the potential growth of the money supply, as further funding will be needed to build up their holdings of Treasury bills as a base for future lending and money market interest rates are forced down.

## Explosion

However, officials can only suffer from vertigo. What is now beginning to show in the markets is the contrast between the financial and the real world—or rather the differing worries of home and foreign investors. At home, we are still uneasily aware that we have hardly started to achieve the conditions for stable recovery; but foreign investors are more impressed by the weakness of the dollar, and the gloomy remarks of Mr. Blumenson of the U.S. Treasury about the U.S. balance of payments, than with the state of the Ford pay negotiations. If foreign investors are buying gilts, but British holders are inclined to take their profits, the inflow begins to operate quite directly on the domestic money supply. It is not clear, then, that against the dollar, which would allow no capital profit in longer with existing policies switching, might have limited effect. If the funding programme through the issue of Government stocks begins to falter, point to revert to a dollar yardstick.

In the very short term, these financial flows are manageable. They have only a short immediate impact on the domestic money supply, for a minimum lending rate fell a large direct foreign buying in a week after the Bank of England

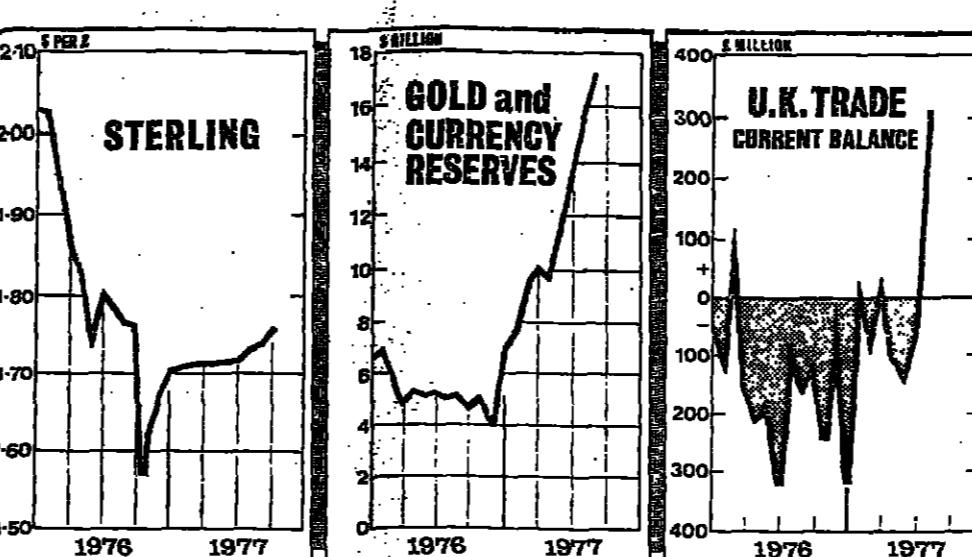
sterling is allowed to rise at all mists have largely lost their stable as can be achieved in a full freedom, the London noticeably in effective terms, faith in devaluation as a way floating world. A stable rate is market could be opened to there will be little chance of protecting exports, because also said to impose some dis-foreign borrowers. Sterling stopping short of a free float, the impact on domestic prices pipeline at home, to improve issues by such bodies as the World Bank, or by multinationals operating in this country, would be much less upsetting to political sensitivities than would a simple permission for British investors to buy foreign stocks.

## Ticklish

It is over this ticklish question that the decisions are most urgently needed; for paradoxically enough the case for liberalising capital flow is even stronger if we were forced to float than if we maintained a stable rate. It should be possible to sell enough Government stock to mop up the domestic overspill of the inflows under a stable rate policy, though not so easily as in the past year; all that is required is strong nerves and a willingness to disregard the potentially high cost of financing official dollar holdings in this way. In a free float, however, the one-way flow of private capital is a guarantee that sterling will rise disruptively higher than it would do otherwise.

The second approach is to permit or encourage some matching outward flow of capital. A simple abolition of exchange controls might be very difficult for a Labour Government to stomach, but less radical measures could still have a large effect. For example, British banks were forbidden last year to finance third-country trade in sterling. This emergency measure could be cancelled. Permitted direct investment overseas by British companies must be financed abroad; the necessary borrowing could be done in London.

On the other hand it is only a hard core of monetarists who believe that costs would respond as completely to an upward movement in the exchange rate to a fall. The general view, reflected in the last Bank of England Bulletin, is that a fall of sterling would be matched, before all export credit was financed in sterling, then the prospective current surplus would tend to generate some private sector outflow of currency. The oil revenues, and will only feed through to the private sector. Net export credit should be carried to success by the bull market. It remains to be seen whether their techniques will suffice in the more turbulent conditions which will return when the bull market is finally exhausted.



rather polarised by the Chancellor returned from the experience since July. If even Washington reaffirming his confidence to a stable effective zero to protect British competitiveness, which fell flat at Brighton, now believe otherwise.

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## Investing in Shelton

in the Chairman Shelton electors' Council. Employees at Shelton were surprised and delighted to read Roy Hodson's article (September 28) which casts doubt upon the installation of an electric arc furnace at the works. Shelton was the only steel plant saved by Lord Beswick in review of British Steel Corporation after long and constructive debate between Shelton's unionists, the Government and the TUC steel committee.

Although some senior executives of the corporation have accepted to avoid the agreement given by Lord Beswick and the Government, a new debate has been made to re-evaluate the iron and steel processes with the most advanced technology in the world. Commissioning is in early 1979 and £37m. has been spent. The steel will then produce "the best steel in Europe"—the best of BSC's own senior executives!

Charles Villiers visited the works recently and in common with others was impressed by the admirable spirit of the men. In addressing the works council he said that during his visit to the U.S. Shelton's products were received with acclaim by the Americans. Shelton, being anxious with quality and reliability, Commissioning by the end of 1979 is given a firm operational standards of running.

their usual constructive and honest manner trade unionists at the works recognised the grave financial position of the company and have set up joint working parties to deal with losses at the works through order books and non-profit orders. It is recognised that everyone at the works has accountability to the taxpayer, and is charged with the responsibility of working efficiently and producing a profit. It is being extremely difficult for an industry which is itself in a difficult and confused economic direction to maintain its morale.

It is inconceivable that your information concerning Shelton Street. Possibly those few at the top that have always wished to see the works have seen the recent BSC crash as a means to achieve their end. The review of the industry currently taking place cannot affect the Government's pledge to develop Shelton works. The tribute paid to the men of joint consultation cannot be erased. The stainless steel statue erected in Stoke-on-Trent as a tribute to the non-unionist trade union activity is the saving of the works for the future is inestimable.

John Wright, *Shelton Works, B.S.C.*

## Letters to the Editor

situation was distorted by a particular instance in the iron sector and the general position is one of an industry where labour relations are good and where the real problems of working conditions are faced constructively by a management which is conscious of its social obligations and an unswervingly loyal workforce.

Of course there are problems, and admittedly many, and it is outside due mainly to the poor performance of the industry in the last few years. Government, however, has recognised the problem and through the terms of an iron and steel foundry scheme, the first short-term elements of strategy are being taken care of. In the longer term the need for a new industrial structure and the elements of a competitive longer term strategy are being developed together by the industry in association with NEDO. It is to be hoped that when the time comes for publicising this you will use your influence to further that which is in the national interest rather than undermine it.

J. A. Reynolds, *5, East Bank Road, Sheffield.*

## Moaning on the fence

From the Managing Director, *Pritchard Building Preservation*

Sir—The article entitled "Heat waste costs £500m. a year" (October 5), begins the question—when will the Government take a definite stand and introduce a grant system that will encourage shareholders to invest in home insulation?

The Department of Energy believes the fact that many of the un-insulated homes in the country belong to poorer people who can least afford to waste heat. Instead of complaining about this to the general public, however, it would be far better if it diverted its efforts towards making barriers to industrial efficiency.

Finally, in contrast to Mr. Cole's assertion there are ways of applying the basic principles of profit-sharing to the public sector, particularly the nationalised

sector. The alternative of an immediate need for warmth and a long-term investment, most people will understandably plump for the former.

Whether we like to accept it or not, we all have a duty to preserve our rapidly dwindling sources of energy. The Government should set an example therefore, by jumping off the fence it has been occupying for so long and doing something really positive about the situation.

David Sturt, *Pritchard House, 2nd Newmarket Road, Leeds.*

## Profit and loss sharing

From Mr. S. Penwill, *158, Fenchurch Street, E.C.3.*

Sir—I agree with Mr. Cole (October 5) that the term "profit-sharing" is inexact and does not necessarily imply that employee shareholding should be the result. The one thing that profit-sharing does is to establish a basis for employees to participate in the overall success or failure of the organisation additionally to participation in the form of employment or non-employment and the receipt or non-receipt of salaries.

Profit-sharing across the whole industry indeed has its problems, but it also has a positive and constructive approach to the industry which is widely shared at all levels. Your review has confirmed, in what was a very kind way, of the NEDO report and how it failed to cover the more interesting features of the stoppages.

## GENERAL

Dr. David Owen, Foreign Secretary, in Moscow for talks with Mr. Andrei Gromyko, Soviet Foreign Minister, and other officials as part of Anglo-Soviet protocol signed in 1975.

National Economic Development Council meeting—agenda includes margin of spare capacity and exports of educational goods and services, and a progress report on the nationalised industries overseas group.

Further talks expected in Despatch of New Zealand, Sir Keith Holyoake and Lady Holyoake, Mansion House.

London funeral workers dispute protocol signed in 1975.

Williams and Glyn's Bank reduces rate on new personal loans.

Windscale public inquiry continues.

Whitehaven.

Guildford bombers appeal

against conviction and sentence.

Old Bailey, London.

Women of the Year lunch, Savoy Hotel, London.

Aviation Medical Association international symposium, Europa Hotel, London.

Sir Robin Gillett, Lord Mayor of London, attends Corporation of London.

General Purposes Committee





# Bad prices and worse costs

CUSTOMERS LOOKING at the economy, on which the paper industry depends, should expect substantial losses next year, some companies will be in serious trouble.

At the same time, Swedish manufacturers are suffering from another consequence of the boom years—a wage explosion, which has continued to shake the economy, long after the boom was over. The recent losses reflect not merely the prolonged recession and the consequent fall in prices, taken a step farther last week, but also the large wage increases and capital outlays which companies made at the height of the boom.

Since then, stocks have been transferred from the customers to the suppliers, demand has remained at a low level, and wages and other costs have continued to soar. Although paper makers are used to a five-year trade cycle, the Swedish industry has, in addition, been hardly shaken by other developments which threaten to leave it with a permanently weakened position in world markets.

The downward lurch in the market which was caused by the 1973 oil crisis left manufacturers with an embarrassingly large number of new machines commissioned in the fat years when expectations were higher. That extra capacity which came into production in the last few years has been competing for a much shrunken market.

As a result most Swedish pulp and paper mills are running at only about 75 to 80 per cent. capacity. At first profits were merely depressed. But this year, the forest industry is expecting a loss of between £120m. and £250m. This represents an average loss of around 7 per cent. on turnover.

Most companies will survive this reversal of fortunes until at least the end of the year. But unless the European

market improves before the middle of next year, some companies will be in serious trouble.

These difficulties would not look unduly menacing by themselves, because an increase in demand for wood products must sooner or later lead to what the Swedes call an "improvement" in prices and a better use of capacity.

Unfortunately the Swedish forest industries are having to contend with stronger and larger adverse forces at the same time. First their forests are in danger of running out. Secondly much faster growing pines in the Southern states of America and Brazil will give Sweden's competitors in the pulp market an increasing advantage.

Brazilian pine, for example, takes only 16 years to mature compared with 50 years in southern Scandinavia and 100 years in the north. Moreover it is calculated that if only 3 per cent. of Brazil were cultivated with timber forests, the eventual pulp output would be enough to satisfy the world's current demand for 122m. tonnes.

The Swedes are therefore faced with a Catch 22 dilemma:

in order to preserve a stock of timber for their children and grandchildren, they must increase yields and shorten growing times by modern scientific methods. But drainage, fertilisers, spraying and machinery for making use of roots and branches all cost money. These extra costs, compounded by high wages and inflation could, in the long run make Swedish forest products less and less competitive.

Mr. Bo Rydin, president of Svenska Cellulosa, the paper of the market. The cost of and packaging group and the wood to make a tonne of paper is, for example, £106 in Sweden compared with about £55 in North America; and up to 10 to 20 years if we wanted to."

He also thinks that future capital expansion must be based on the view that plant will only

represent wages.

The problem is in achieving a rate of cutting which can be sustained through the next year cycle of two years running.

Mr. Rydin says he foresees some of the current three in which demand is by 5 per cent. in the north and

entirely realistic to talk about overcapacity. Our prices for the past ten years should have been based on this assumption."

As a result Svenska Cellulosa (SCA) has been steadily diversifying away from primary wood products, which in 1973 accounted for nearly all the company's turnover, but which now account for less than half.

The problem facing a company like MoDo is that because the supply of timber cannot increase, any future expansion must come from further integration into paper-making or converting processes. However, since it is politically very difficult to lay off workers when demand falls, it is very hard to find money to invest for the next upturn.

The whole question of the capacity of the forests and the needs of the industry based upon them is now under investigation by a government commission which is expected to report early next year.

This commission will have to decide upon yet another challenge to the Swedish forest industry which comes from within the country itself and is increasingly worrying senior executives. It is being mounted by a small but influential group of environmentalists which opposes precisely those measures which the industry says are needed to preserve the stock of forest.

The main target is the defoliants which are sprayed from the air on newly cut swathes of forest to kill undesired birch and other scrub trees. The industry says the alternative of rooting out the scrub by hand is too expensive and often impossible because of labour shortages.

Opposition to these defoliants has built up a big emotional pressure because of their use

in Vietnam by the U.S. army. But if they are banned in Sweden, as the groups hope, Mr. Rydin estimates the annual cut would have to be reduced "much more" in the south to preserve stocks for the next generation.

"They do not realise that one effect of banning the use of these chemicals would be that we would have to close a small factory," he said.

## DDT ban

Productivity has already been hit by the banning of the use of DDT which was formerly used to protect young seedlings from attack by beetles.

In addition, environmentalists and local communities have been asking for large tracts of forest to be preserved for re-creation. Total demands from the preservationists are estimated by the forest industry to add up to 2m. hectares or nearly 10 per cent. of the total area of forest. The main purpose is to protect areas of beauty from the process of "clear cutting" in which large parts of the landscape are completely shorn of trees. However, the alternative of thinning out by individual felling is impossibly expensive because modern tree harvesting machines cannot be used.

Environmentalists are even striking at the development of hydro-electricity: that cheap, pollution-free renewable energy source on which the pulp and paper industry greatly depends. Mr. Rydin said: "We have lots of waterfalls on our land which could be used for hydro-electricity, but if we applied for permission to develop them all, we would not get it."

## Salmon

The trouble is that concrete dams and power stations interfere with the natural beauty of the scenery, and can disrupt the sex lives of salmon. Reservoirs swamp the gaily splashing torrents.

Even in an industry which depends upon the harmless natural force of growing trees, therefore, the commission will come up against the classic opposition between the creation of wealth and the despoliation of the countryside.

## APPOINTMENTS

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If you are interested in this post, please send a complete résumé, together with a recent photograph, to:

David A. Heermans,  
European Audit Manager,  
NL INDUSTRIES, INC.  
rue de l'Hôpital 31 bte 6,  
1000 Brussels, Belgium.

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## PUBLIC NOTICES

BUCKINGHAMSHIRE COUNTY COUNCIL  
The Buckinghamshire County Council  
is to hold a meeting on Friday, 27 October  
at 9.30 a.m. in the Civic Centre, Aylesbury.  
Application for a place on the agenda  
should be made to the Clerk, on or before  
20th October.

CLASSIFIED ADVERTISEMENT RATES

Industrial and Business	Single column	Two columns
Premises for Sale	3.75	12.50
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Tate & Lyle Limited, of 200,000,000  
shares of £1 each, in the capital of  
Tate & Lyle Limited, will be entitled  
to receive a dividend of 10 pence per  
share for the year ended 31 December  
1977.

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Abbey Unit Tst. Mgrs. Ltd. (a)(g)	Brown Shipley & Co. Ltd.	Guardian Royal Ex. Unit Mgrs. Ltd.	Practical Invest. Co. Ltd. (a)(g)	Arbuthnott Securities (C.I.) Limited	Fidelity Mgmt. & Res. (Irls) Ltd.	Kemp-Gee Management Jersey Ltd.
100% Gatedon Rd. Aylesbury. 01-591541	01-620952	01-620952	01-620951	01-620951	01-620951	01-620951
Abbey Capital ... 42.5 1.25	BS Unit Crd. ... 225.5 227.4	4.25 4.25	44.100-115.100	Royal Exchange F.P.3P IND.	P.O. Box 2127, St. Helier, Jersey	Charlton Cross St. St. Helier, Jersey
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Abbey Inv. Tst. Pl. ... 24.2 5.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Alloyd Inv. Pl. ... 30.0 7.50	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Allied Inv. Grp. ... 57.0 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Brit. Inv. Fund ... 67.2 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Brit. Inv. & Dev. Pl. ... 55.0 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Allied Capital ... 57.7 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Hamro Inv. Pl. ... 57.7 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Jacobs Funds ... 54.2 6.65	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
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Specialist Funds ... 57.4 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Smaller Co. Pl. ... 51.4 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Recovery Site Inv. ... 57.5 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
Mid. Mkt. & City ... 54.1 7.15	BS Exempt. Sept. 1 115.5 120.5	4.25 4.25	45.100-115.100	01-620951	01-620951	01-620951
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Arbuthnott Securities Ltd. (a)(c)	Charterhouse Japley	Key Fund Managers Ltd. (a)(g)	Rowan Unit Trust Mgrs. Ltd.	G. T. Management (Asia) Ltd.	Lloyd's Bank (C.I.) U.K. Mgrs.	Henry Schroder Wag. & Co. Ltd.
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39 Arthlett						

# AS FINANCIAL TIMES SURVEY

Monday October 10 1977

هذا من الأصل

# Costa Rica

Costa Rica is an oasis of welfare and democracy among the nations of Latin America. A genuine democracy, it has put the social needs of its citizens as its top priority and has earned the respect of the outside world.

was certainly not fashionable, but with exemplary and intense the country's diplomats were hard work. And every Costa Rican was master on his own land, no matter how small or poor his plot."

## Military

This tiny republic of just over 2m. inhabitants is an example of what is possible. Its model may not apply exactly to countries of different size or ethnic structure, such as Brazil or Guatemala, yet it illustrates that political intolerance and violence and economic and social injustice are not unavoidable features of Latin America. Costa Rica itself is also not without its problems—it lacks industry, seasonal unemployment is high, the housing shortage is serious and Government corruption has been growing—yet the ticos, as the locals are nicknamed, have a talent for identifying problems and trying to resolve them.

Costa Rica has, in fact, always been "different." Unlike its Central American neighbours, very Latin American rule, only a few nomadic Indian tribes inhabited the territory in pre-Hispanic times. The Spaniards who settled in the lush valley around the present capital of San José therefore required neither conquistadores to defeat the Indians nor Catholic priests to convert them. Because there were no Indian slaves, Costa Rica is the latest in a long line, however, the farmers and their families had to work their own land and, as a result, few large haciendas emerged. "There were no big cities," President Oduber told me the other day. "There were no big palaces. There were no big haciendas. Everything is small—scale, with the exception of Costa Rica in international trade."

Costa Rica is small—scale, with the exception of



President Daniel Oduber.

scene, although not always occupying the Presidency.

Created as a reformist answer from 1974 to 1978. The party's candidate for next February's election, Luis Alberto Monge, belongs to a younger generation who have already held the country's currency had emphasised the need for an independent judiciary. The Tribunal sends respected non-partisan delegates to watch over all polling booths. The worst thing about elections in Costa Rica, in fact, is that followers of different candidates gather in long automobile convoys and drive through San José blowing their horns to rhythmic call signs. The little green and blue party flags already flying above many homes, however, testify to the fact that support for one or other party is a matter of public pride and not nervous secrecy.

of six and 13 now attending "You've never had it so good," current election period is most school. Fifteen per cent of the opposition parties are facing remarkable for the absence of GNP is to-day spent on education and health—"our soldiers" are teachers" is a favourite boast — while the population growth rate has fallen from 3.8 per cent p.a. to 2.2 per cent in 15 years due largely to a family planning programme supported by growing prosperity and social awareness.

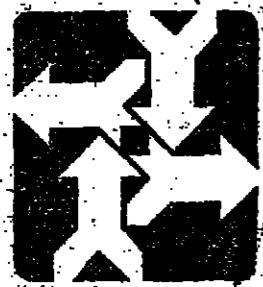
## Merit

President Oduber's particular merit is that he took office at a time of deep economic crisis and not only overcame the crisis but accelerated social reforms. At the time of his inauguration in May 1974, the country's currency had just been devalued and Costa Rica's anti-corruption drive in politics, along with much of the business world, was being shaken by personal honesty has helped increased oil prices and the defuse opposition charges. Sr. Monge, on the other hand, is very much the party man and, can rely on the highly efficient Liberationist machine to bring in votes from the countryside and the slums. He too has

emphasised the need for an independent judiciary. The Tribunal sends respected non-partisan delegates to watch over all polling booths. The worst thing about elections in Costa Rica, in fact, is that followers of different candidates gather in long automobile convoys and drive through San José blowing their horns to rhythmic call signs. The little green and blue party flags already flying above many homes, however, testify to the fact that support for one or other party is a matter of public pride and not nervous secrecy.

There is a new mood of confidence and reassurance about Costa Ricans these days. Not only have coffee earnings buoyed the economy, but President Oduber has also ended the country's mental isolation. In addition, a functioning democracy and a respect for human rights are no longer seen as idiosyncrasies of the political maverick of Latin America, but rather as examples being urged on the continent by the U.S. and Western Europe. "Nothing ever happens here," a visiting journalist jokingly complained.

"Well, that's now the big story," a Costa Rican official replied. "The unusual thing today is to have free elections and to respect human rights."



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## EXPORTS

In this field the Centre offers the following services:

- Commercial contacts between local manufacturers, producers and exporters and foreign importers.
- Information on the demand for specific products in international markets.
- Identification of new products.
- Investigation of new markets.

Co-ordination and technical assistance in organizing trade missions abroad and for the participation of local manufacturers, producers and exporters in international fairs and exhibitions.

Study and evaluation of companies which desire to apply for the benefits granted by the Export Development Law; technical assistance in the preparation of their requests.

Information to local manufacturers, producers and exporters relating to export mechanisms.

Export regulations and procedures in Costa Rica.

Import regulations and procedures at country of destination.

Transportation facilities, including schedules and tariffs.

Evaluation of individual exporting capacity.

# LET US HELP YOU

The Centre is a promotional institution, sponsored by the Government of Costa Rica, whose main function is to give technical assistance to investors and exporters. This assistance is free of charge.

## INVESTMENTS

In this field the Centre offers, amongst other services, the following:

Information encouraging national and foreign capital investments in the country.

Supplies information regarding facilities, regulations and the investment climate in Costa Rica, rendering technical assistance at the various stages of the requests for approval of industrial projects.

Assistance in the preparation of industrial and agro-industrial project profiles.

Advises regarding incentives, facilities and procedures for the installation of Draw Back industries in the country.

Offers technical assistance in co-ordination with national and international institutions, channelling specific requests originating from the industrial sector.

Through the Export Development Fund, the Central Bank of Costa Rica, is financing exports, stimulating tourism and substituting imports.



The Central Bank of Costa Rica has placed at the disposal of the Commercial Banks funds coming from foreign countries and its own resources that total US \$50,000,000. These funds have been destined to industrial, agro-industrial, agricultural and tourism projects, where the product is for export or will substitute essential imports.

The Export Development Fund efficiently contributes to the development of the country, fortifying its exports and tourism capacity in direct collaboration with private enterprise.

For further information, get in touch with the Central Bank of Costa Rica.

BANCO CENTRAL DE COSTA RICA

P.O. BOX No. 10058  
San José, Costa Rica  
Central America

## COSTA RICA II

# Banking system works well

CONSIDERING THAT nationalisation of banks is a favourite "creeping nationalisation" of the sector is taking place. It is surprising how the world today, with governments aware that control a measure in Costa Rica can be achieved without resort to the State take-over. At the time, of course, to the controversy of nationalisation years ago, the State take-over caused consternation both at Costa Rica's main objectives, home and abroad. But in the however, have been achieved. end, the sector continued to be in 1947, the year before the run by very much the same take-over, only 31.4 per cent. people, with the nationalised credit was destined for agriculture and cattle-farming. And, more recently, as the government has lost some of its enthusiasm for import-substituting light industries and has again recognised the importance and potential of food exports, this trend has been re-emphasised. In its plan to guide each of its four banks towards greater specialisation, the government has therefore assigned the largest bank — the Banco Nacional de Costa Rica, which accounts for 45 per cent. of total assets — the main responsibility for the agricultural sector. The Banco de Costa Rica will become an industrial bank, the Banco Anglo Costarricense will service commerce and the Banco Crédito Agrícola de Cartago will give priority to housing.

In reality, the banking sector is not entirely nationalised even to-day. The four principal commercial banks — Banco Nacional de Costa Rica, Banco de Costa Rica, Banco Anglo-Costarricense and Banco Crédito Agrícola de Cartago — are Government-owned and are the only ones allowed to provide ordinary over-the-counter services. The vast majority of domestic savings are therefore channelled into their current and savings accounts. But four other banks — Banco Lyon, Bank of America, El Banco Latinoamericano and Banco de la Construcción — operate privately, without direct access to local savings, but permitted to lend from their own capital and to operate on the foreign exchange market. Finally, 32 private and State-owned development banks — or *fincieros* — are allowed to compete for fixed-term deposits through the sale of negotiable bills of exchange and bonos financieros or three-year bonds.

The entire banking sector, however, is strictly controlled by the Central Bank which establishes and imposes credit priorities. And, more than the Central American bankers who can nationalise itself, it is this control which has converted the country's banks into such a lucrative export crops and valuable socio-economic instruments over the past three decades. And, in practice, this challenge of servicing thousands of medium-sized producers. The Central Bank has therefore insisted that a significant amount of credit — varying from bank to bank and from year to year — be destined to agriculture and cattle-farming, especially in its plan to guide each of its four banks towards greater specialisation, the government has therefore assigned the largest bank — the Banco Nacional de Costa Rica, which accounts for 45 per cent. of total assets — the main responsibility for the agricultural sector. The Banco de Costa Rica will become an industrial bank, the Banco Anglo Costarricense will service commerce and the Banco Crédito Agrícola de Cartago will give priority to housing.

## Growth

The social orientation of the banking system can also be illustrated by the rapid growth in the number of branches in the country — from 38 in 1948 to 188 to-day, many of them tiny rural offices which are nevertheless attracting savings and providing credit. As a result, even though Costa Rica has the smallest population of the five Central American countries, it has the largest banking network with the highest assets.

Over the past three decades, perhaps the principal financial priority has been to provide credit to the country's majority of small and medium-sized farmers. Unlike the rest of Central America, land ownership in Costa Rica is relatively well distributed, with few huge latifundistas and minimal fragmentation of property by *minifundistas*. So unlike other Central American bankers who can concentrate their credit on the handful of big producers of the country's banks into such a lucrative export crops and valuable socio-economic instruments over the past three decades. And, in practice, this challenge of servicing thousands of medium-sized producers.

The absence of competition in the sector could in the long run weaken its ability to stimulate savings, although the coffee boom of recent months has strongly bolstered domestic resources, while the high interest rates prevailing here are now attracting speculative money from abroad. To absorb excessive liquidity, the government this spring issued 500m. colones (\$58.8m.) worth of "coffee bonds" which pay 12 per cent. for deposits of between one and three years, their profit margins are sharply reduced. The dubious attraction of the *fincieros* in fact led the First

National City Bank of Chicago to close down its operation in 1974 and the Chase Manhattan to follow suit last year, while Citicorp and the First National City Bank of Boston are essentially using their *fincieros* as representative offices.

Although the nationalised banking sector has fulfilled its primary purpose of stimulating the agricultural and industrial development of the country as well as discouraging the concentration of wealth, many analysts are therefore considering ways of increasing its efficiency and agility. Its low profitability is justified in social terms, but the system has also been criticised for its high level of bad debts. Although various mechanisms exist to prevent the policialisation of the state-owned banks, there is nevertheless evidence that some bad debts are linked to credits granted for reasons of influence. Former President José Figueres, whose numerous companies are believed to be in difficulties, is perhaps the most prominent example of a politician excessively in debt to the official banks.

Another drawback of the nationalisation is that it cuts off Costa Rican banks from the techniques and expertise normally imported by foreign banks. Costa Rican bankers are therefore equipped to deal locally, but ill-prepared to operate on international markets.

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BASIC STATISTICS	
Area	19,650 sq. miles
Population	2.01m.
GDP (1976)	\$2.05bn.
Trade (1976):	
Exports	\$463m.
Imports	\$694m.
Exports to U.K.	\$2.9m.
Imports from U.K.	\$9.1m.
Trade (1976):	
Exports	\$589m.
Imports	\$773m.
Exports to U.K.	\$196,000
Imports from U.K.	\$8.6m.
Currency:	colón £=15.1 colones

Fully-liquid 8 per cent. bonds and three-year 12 per cent. bonds issued by the government, however, have proved more attractive.

The strengthening of the country's balance of payments due to coffee revenues has reduced the government's foreign borrowing needs and bankers are even turning away offers of credit for lack of viable projects. The public sector's foreign debt last December stood at \$646.4m. with debt servicing for 1976 totalling \$87.5m. But, compared to the previous year, the ratios of foreign debt to GNP and of debt servicing to exports both fell — to 5.7 per cent. and 12.1 per cent. respectively — providing evidence of the healthy margin for further indebtedness.

## Pressures

With the anticipated fall in coffee earnings, though, Costa Rica may face new payments pressures next year which may in turn require a higher rate of foreign borrowing. Based on the country's recent record, though, it should have little difficulty in doing so at competitive rates.

More than anything, in fact, the government's success in controlling inflation after its 1974 surge has ensured the survival of the banking sector as it has existed over the past 30 years. Confidence in the system is high and hundreds of thousands of small savers and borrowers continue to use it with faith. The "under-efficiency and over-employment" criticised by some analysts may exist, but it is also more costly to lend 200 farmers 5,000 colones each than one investor 1m. colones. "The State banks have a social function," former Economics Minister Raul Hess Estrada wrote recently. "The credit they provide and administer is costly and troublesome. But implicit in it is the democratisation of credit, technical assistance and, in general, a policy of stimulating production and redistributing incomes."

Alan Riding

THE DIFFERENCE between, increasing to some \$950m. being a small coffee-producing nation with \$774m. to be borrowed from abroad. Drawing on funds in the country and being a small oil-producing country is that in the account, trimmed gradually since 1974 from \$266m. to \$218m. and then to \$205m. former case the law of "what goes up must come down" still applies.

But despite some critical forecasts, in the front of the mounting cost of debt, the Government is sticking to its policy of deficit financing. Zumbado stated simply: "We are not worried about the debt. But in the next two years we may have to be careful."

Government spending is set to increase by 10 per cent — reflecting higher salaries and additional outlays for selected areas, such as education and priority farm projects.

Now that coffee prices appear to have gone over the top, Costa Rica faces the prospect of U.S.-educated and still in his thirties. Opportunities for a sharp increase in the value of traditional exports — through the immediate situation is wider or better land use — are greatly improved.

The good news comes not only from trade statistics, which are likely to mean a further reduction in Costa Rica's current account gap, but also in Costa Rica's inflation and employment record.

The official cost of living index, down last year to 44 per cent. from 21 per cent., is expected to be held at 5 per cent. Two years ago Costa Rica had the highest inflation in Central America.

Unemployment figures, more reliable than those for the cost of living, show a reduction to 4.6 per cent. of the workforce in June, compared with 6.2 per cent. in June last year.

Economic growth is expected to pick up to around 6 per cent. this year, after a 4.3 per cent. increase in gross domestic product to about \$2.2bn. last year.

Last year's growth was carried almost entirely by the private sector, which before the coffee boom was in a position with foreign reserves rapidly approaching zero, of having to contract loans from abroad regardless of the cost.

## Improved

Monetary reserves have since improved dramatically with higher foreign exchange earnings and recent inflows of credit. Between the end of 1975 and the end of 1976 the level doubled to \$124m., and it had almost doubled again by the end of July to \$243m.

The Government now wants to send some of its credits back. Some high-interest and short-term loans, contracted in desperation, are to be repaid early. At the same time the Government plans to use part of its foreign reserves for key investment programmes such as new irrigation technology in depressed farming regions.

The sudden inflow from coffee produced the beginnings of a consumer boom. The Government launched a stabilisation bond, the "coffee saving bond," aimed at mopping up \$60m. on the home market. The issue has been a flop, even though it carries a 12 per cent. interest tag, 4 per cent. above standard Government issues. By the end of June, only about 15 per cent. of the bonds had been sold, and the Government has since had to advertise heavily in order to get rid of the rest.

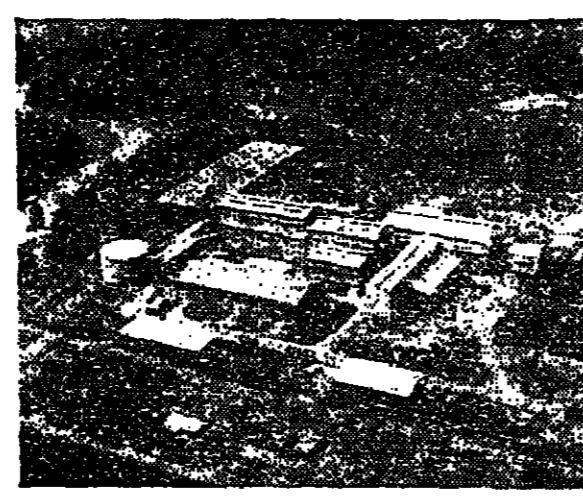
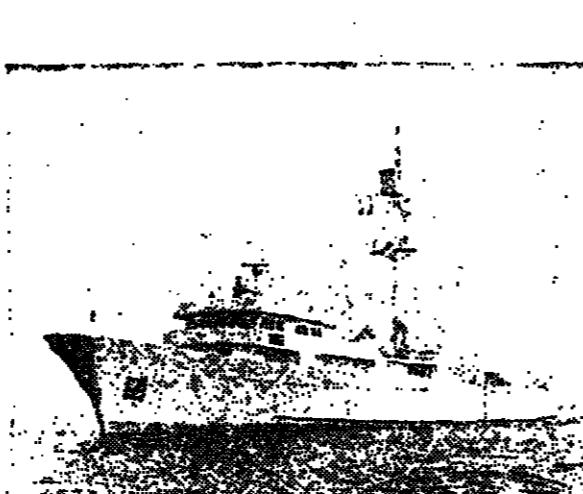
The Government, meanwhile, continues to call on domestic savings to cover its budget deficit. It plans to raise some \$90m. in three different issues — an "internal debt bond," a "public investment bond" — to reach around \$850m. after a "political debt bond" — to \$589m. last year and imports bridge most of its planned

Around the globe countries are striving to develop their diverse resources to improve the living standards of their peoples.

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# Economy still vulnerable

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# More equal than others

THIS ARTICLE is really about graduates.

the army, which Costa Rica dismissed for good 29 years ago, income now around \$1,000 a month. The liquidation of the armed forces, which took place within weeks of open civil conflict and bracket, which makes the name set Costa Rica aside from the rest of Latin America, has crewed a little bit less of a misnomer. Nevertheless, exports continue to grow faster than imports. Coffee earnings for the first half year were double what they were last year and made up 43 per cent. of total exports, dwarfing the non-traditional industrial sector, which last year put in the strongest performance — a 20 per cent. increase.

Present forecasts are for a sharp reduction in last year's \$185m. trade gap, with exports reaching around \$850m. after a "political debt bond" — to

An imaginative "family assignments" plan, aimed at the rural poor who make up a fifth of the population, bring together services for water supply, sanitation, electricity, health, education, professional training, nutrition and housing. The programme is financed from increases in sales taxes and a levy on employers' payrolls.

Social problems are also coming to the surface in the towns in the form of increases in prostitution — often involving teenagers — and robbery. The Government has had to put a priority on public security, run by a smartly-outfitted Civil Guard, which is due to be reorganised.

## Jobless

Sociologists link these trends to the problem of rural unemployment. Although the jobless total for the country has been brought down to 4.6 per cent. of the workforce, it is higher in the country most of the year (dropping to almost zero in November for the coffee harvest), and about 7 per cent. of the workforce is considered under-employed.

While Costa Rica likes to nurture its reputation as a place where "every man has his bit of land," the reality is less that Costa Rica is getting "cosy." There are many semi-employed rural labourers and the land is unevenly distributed. Although the *hacienda* system of other countries never existed here, a third of Costa Rica's poor, concentrating its attention on rural conditions, are more equal than others. Costa Ricans are not equal in per capita income — \$1,000 a year.

David

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## ADVERTISEMENT



# COSTA RICA

## the country for investment

### The Social Development and Family Allowance Programme in Costa Rica

More than 51% of the total population under 15 years of age is now receiving, under this programme, free meals a day. The meals, which they get in local schools or nutritional centres, are fully funded and contain the requirements for healthy growth. This is part of an impressive programme which represents in 1977 an investment of US\$50 million, equivalent to 10% of the government budget, financed out of payroll taxes and a retail sales tax.

The programme has widespread public support. Above all, it is enthusiastically backed by low-income families, both of rural and urban areas.

Child nutrition is only one aspect of a comprehensive programme called Social Development and Family Allowance, which after many years of planning is now in full swing in Costa Rica, thanks to the initiative and decisive impetus of the National Liberation Party (Social Democratic) now in power, under the leadership of President Daniel Oduber.

It all started in 1970, when the National Liberation Party decided to give greater support to programmes aimed at improvement of social conditions, particularly among the low-income majority of the population.

A draft law was prepared called the Family Allowance, similar to the classical family assistance programmes enacted in Europe after the First World War.

In 1973, Mr. Oduber, then President of the Legislative Assembly and later presidential candidate in the 1974 elections, set up a small committee for his direct supervision, whose purpose was to draw into the new law his own ideas about enlarging the scope of the programme.

#### The Programme Today:

Instead of only paying a cash allowance to mothers of low-income families, the programme, as it was enacted during the administration of the now President Oduber, also includes curative and preventive medical care, treatment of alcoholism, aid and protection of the young, environmental sanitation, nutritional education, production of food by community vegetable gardens, and vocational training.

These activities, aimed fundamentally at the infant population, receive the allotment of 80% of the programme's resources. The remaining 20% cover retirement pensions for persons over 65 years of age who have not contributed to any of the existing social security programmes in Costa Rica.

#### Some Figures:

Since its approval in December 1974, the number of direct beneficiaries of the nutrition programme has reached 400,000 children which represents 51% of the population under 15 years of age.

Under this programme, 220 health posts have been established throughout the country, serving the total dispersed rural population.

There are 43,000 people over 65 years benefiting from pension payments, and 375 training courses were administered this year to 14,000 young men and women, in a variety of trades and crafts.

A total of 138 water supply networks have been installed in 170 rural communities. There are 2,500 school dining rooms functioning, and 1,500 community vegetable gardens.

But all these figures must be interpreted taking into account that Costa Rica is a tiny country of 51,000 square kilometres, and a little more than two million inhabitants.

#### Basic Criteria:

According to current scientific opinion, malnutrition can cause irreversible brain damage in children under 5 years of age. It is also well known that eating habits are deeply engrained; changes can only come about through education at a very young age. The Social Development and Family Allowance Programme, as it is operating, attacks the problem of malnutrition on two fronts: it compensates for nutritional deficiencies in expectant mothers and small children, and it provides nutritional education.

Another aspect and perhaps the most important, is that every community must organise itself and contribute its own work effort, as a prerequisite to receiving the programme's benefits. This has resulted in massive support for this effort by the Costa Rican people.

#### How the Programme Works:

Various government institutions participate in the programme, each one responsible for specific aspects. For example, The Ministry of Health carries out the activities related to environmental sanitation, health and nutrition. The Ministry of Education is responsible for setting up the school dining halls and nutritional education courses. The Social Security System and the Ministry of the Treasury collect the funds. Other specialised governmental agencies are each in charge of drinking water facilities, food supply, social benefits, vocational training etc.

The work of these institutions is carried out within the framework of a general plan approved by the Presidency of the Republic under the coordination of a small technical secretariat.



Lic. Daniel Oduber Quirós—President of the Republic of Costa Rica

### Greetings from the Executive President of the Central Bank of Costa Rica to readers of the Financial Times

The good name of Costa Rica has spread throughout the entire world and the virtues of this little country, situated in the centre of Latin America, are praised everywhere.

What has Costa Rica got that makes it so attractive to the visitor from other latitudes? First and foremost, a representative and functioning democracy. Since the last century, our country has had really free elections. As a result, the country enjoys an atmosphere of peace, calm and mutual respect. The special character of the Costa Rican makes him a civilian; militarism will never gain ground in our traditions. For this reason, in 1949, a prohibition of the existence of an army became part of our constitution.

Since the dawn of the Republic, education has been the principal preoccupation of our leaders. At approximately 35% of the nation's budget is devoted to education. For this reason, Costa Rica is one of the highest literacy rates in the world.

An equitable distribution of wealth, together with a large middle class, serves to guarantee a good basis of social stability.

Since 1973, the Social Security service reaches virtually the entire population of the country: Negro and indigenous inhabitants, a unique situation in Latin America. The Government has also put into operation a family allowance plan, financed by the working population and private enterprise, that contributes to the supply of three meals a day ranging from the poorest classes, to pensions for people with small means, to housing for people in the lowest echelons, to the building of health care centres, areas of nutrition centres, of child centres and to the allocation of funds towards the work in the field of public health: rural clinics, dispensaries, etc.

Costa Rican hospitality is proverbial: the visitor feels at home. It is not a coincidence that many people from overseas with a pension come to Costa Rica as a place to enjoy the fruits of retirement from active life. Frequently one

sees in the Press interviews with them where they say that they chose Costa Rica after having travelled to many countries. Amongst the reasons for their choice, they quote our basic feeling for the rights of the individual and the surprising adherence of every citizen to a just balance of equality and social responsibility. They also mention how impressive it is to see the President and high officials mix with the people, chat informally, and, of course, without bodyguards.

The integrity of our courts is a guarantee to the foreigner and the Costa Rican in search of justice.

Besides these characteristics of its inhabitants, Costa Rica has a special beauty rare in a small country: 50,900 square kilometres (19,652 sq. miles) or approximately one fifth the size of the United Kingdom. Tropical beaches with luxuriant vegetation, bathed by warm seas (the Caribbean and the Pacific). The Central Plateau at 1,200 metres (3,957 feet) has a springtime climate all the year round: two thirds of the population live there. Picturesque mountains, with invigorating freshness, offer the traveller their meadows, cypress trees and a clear sky free from smog.

Costa Rica, as an eminently agricultural country, has overcome, from the economic aspect, the problems that originated in the 1973-1975 period from inflation and the high prices of petroleum products. This has been acknowledged by international organisations, especially the International Monetary Fund and the World Bank.

At this time, great emphasis is being placed throughout the country on the development of agriculture and industry: we believe that the future of Costa Rica lies in this area: as a first step, we have adopted an aggressive policy to stimulate the export of non-traditional products, principally towards countries of the Caribbean area which offers market potential for Costa Rica.

Our country possesses naturally favourable conditions for agriculture and we should not constrict ourselves to primary products, as we are currently doing, but go further to the stage of the industrialisa-

tion of agricultural products, especially with the existing world crisis in food supplies.

The perfect co-ordination of Governmental fiscal policy and the Central Bank's monetary and credit policies have enabled us to reduce the inflation rate from over 30% in 1974 to a stable level of around 5% at the end of this year. In addition, monetary reserves have risen amazingly to reach the highest level in our history and we predict for 1977 an increase in Gross National Product in real terms of 6.9%.

Our currency grows continually stronger due to the economic scene. The interest rates prevailing on local dollar deposits (higher than the interest rates in international markets), combined with systems that enable the businessman to have guaranteed recuperation of his entire dollar deposit, plus the respective interest payments and the complete freedom of exchange for the withdrawal and entry of capital, make our country an ideal spot to invest. Above all, in Costa Rica, you find a favourable investment climate owing to economic stability, political and social peace and the fact that we are the maximum exponents of human rights in Latin America.

Costa Rica is a small country with big opportunities. The Costa Ricans have great faith in the future of their country for several reasons: the political economy has been well designed and implemented; we are a nation that works hard in an atmosphere of social security; conditions of public health are continually improving; the business sector has taken a firm and exalted place within the Central American Common Market and is constantly seeking new external markets for our products; finally, we follow a path of political justice that orients the country towards the maintenance of its objectives: peace, liberty, security and productivity.

For all these reasons, it gives me great pleasure to introduce you to this progressive country and invite you to participate with us in our enterprise — Costa Rica.



Lic. Porfirio Moreira Barnes—Executive President, Central Bank of Costa Rica



Founded in 1973, CODESA is a vigorous institution whose main objective is to enrich the economic development of Costa Rica. Several of its major activities consist of feasibility studies, financing, and counselling, mostly designed to establish new enterprises. As a development corporation, CODESA activates progress through means which duly co-ordinated, resolve problems related to manpower, export promotion, service activities, foreign exchange reserve fund, promotion of new fields of investment and the increase of financial sources for businessmen.

CODESA is currently involved in a variety of projects, including a cement plant, a sugar mill, a sulphur plant, urban transportation, shipping, petroleum exploration, an aluminium-continuous-casting plant, railways, mining, tourism, and Central America's first Stock Exchange.

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SAN JOSE, COSTA RICA  
Telephone: 22-44-22  
Telex: 2405 CODESA

Tempisque S.A. Sugar Centre  
Sugar Cane Irrigation Systems



American Chamber of  
Commerce of  
Costa Rica

Apartado 4946—San José, Costa Rica  
Tel: 23-24-87—Cable Amcham

Why should you invest in Costa Rica?

1. Costa Rica is one of the most stable political, economic and social democracies in Latin America. A good case can be made that in these features it excels many countries of Western Europe, without mentioning the Far East, the Middle East, Africa and the Caribbean.
2. It is the positive policy of the Government and the people of Costa Rica to welcome foreigners and foreign investment. Guarantees to foreigners are written into the Constitution.
3. Because of its high level of public education, managers, supervisors and skilled workers at all levels can be obtained and trained in the shortest possible time. Its 88% literacy rate is one of the highest in the world.
4. Generous tax, duty and export incentives are available to qualified enterprises.
5. There is a protected-market of 18 million people in the Central American Common Market and a privileged position exists for export to the United States of America and the rest of the world for many products.
6. Its temperature, benign climate, culture and education are favourable to executive family living and high rates of production.
7. It will soon have the highest per capita rate of hydroelectric, low cost energy production in the world.
8. There is no military power; security is entrusted to a police force whose numbers are fewer than those of public school teachers.
9. Costa Rica has excellent air and sea connections to the United States and the rest of the world, and is connected by the Inter-American Highway to Central America and Panama. It has outstanding direct dialling or operator telephone service throughout the world, as well as telex and cable service.
10. There are no racial, religious or nationality problems.

If you accept the foregoing ten reasons as being unique, then it is certainly in your interest to investigate the possibility of investing in Costa Rica. A recently published, 70-page INVESTOR'S GUIDE TO COSTA RICA is available at our office for \$US7.00 (including airmail and handling).

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Association of American Chambers of Commerce  
in Latin America

# Growing international role

OVER THE past year, Costa Rica has come of age in international affairs, suddenly being received in Washington and placed in a model nation that is achieving political stability without repression and economic development without blatant injustice. This belated recognition has in turn given Costa Rica a prestige and moral authority abroad quite disproportionate to its size and population. As one of only two functioning democracies in Latin America to-day—Venezuela is the other—Costa Rica is listened to to-day.

The visit to London two weeks ago by Costa Rica's President Daniel Oduber was therefore not just another visit by an obscure leader of a distant land about which we know little." Rather, it gave Britain the opportunity to offer real economic and political support to a country that is achieving a sweeping domestic change through quiet reform and pressuring the military regimes of Latin America through its exemplary respect for human rights.

Having long been isolated in a region of entrenched authoritarianism, Costa Rica at last feels vindicated. President Oduber has managed to establish strong links with the Socialist Democratic governments and parties of Western Europe, making Costa Rica the first Latin American member of the Socialist International and himself becoming one of the organisation's vice-presidents.

Similarly, with President Carter's role of regional statesman, using the White House, Costa Rica's prestige as an instrument of foreign policy at last feels "understood" in instrument of foreign policy at the same time as Washington. Mrs. Rosalynn Carter wants to treat each country separately. Costa Rica may be neighbour to Panama and Nicaragua, but all three countries are totally different."

## Prestige

In contrast, President Oduber, drawn-out negotiations between the U.S. and Panama on a new canal treaty, President Oduber has been attracted to the canal treaty, President Oduber played an important role in the White House, Costa Rica's prestige as an instrument of foreign policy at the same time as Washington. Mrs. Rosalynn Carter wants to treat each country separately. Costa Rica may be neighbour to Panama and Nicaragua, but all three countries are totally different."

## Industrial development

AFTER ABOUT 15 years of foreign steady industrial growth, Costa Rica should be happy with its record—or so one would suppose. But there is a growing body of opinion, in the Government and outside, pressing for a sharp change of direction away from the medium-sized factory and towards smaller units, which are more closely linked to the country's agrarian resources.

Costa Rica is typical of many Third World countries which have thrown open their doors to industrial investment and where, despite impressive growth rates, the suitability of some kinds of industry is being contested.

In some respects, Costa Rica's industrial development has been conspicuously successful. Industrial exports, for instance, which in 1960 made up only about 3 per cent. of the total, have brought their participation up to around 30 per cent. But although the growth of manufacturing activity has helped considerably to bridge the problems of Costa Rica's balance of payments, it has not altered the country's basic dependence on the farming sector, especially as a source of employment. And although it has produced a new class of entrepreneurs, the way growth has been encouraged has seen to it that many of their undertakings are inefficient.

**Skilled**

Since 1960, Costa Rican industry has increased its output by 7 or 8 per cent. a year. With the ranks of skilled managers and workers growing, the momentum looks like continuing. Investment in new companies in the first half of this year, according to Government figures, was 555m. Colones, almost as much as the 580m. Colones invested in the whole of 1976.

The take-off after 1960 was largely due to the foundation of the Central American Common Market, which 10 years ago scrapped almost all tariffs between its member States. Foreign companies have been allowed in without restrictions. Most have been from the U.S. and most of them engaged in making consumer non-durables.

The setting-up of a development agency, CODESA, in 1973, provided a further boost to investment. CODESA financing last year amounted to 1.52bn. colones (over \$100m.), including 300m. colones in company share capital. Reorganised substantially last year, the agency is now involved in two sugar mills projects and a cement factory.

Future emphasis is likely to be far more on resource-based industry such as food processing, which already accounts for a large part of manufacturing activity, i.e. geographically concentrated and in smaller units.

Manufactured exports increased by 20 per cent. last year—mainly textile fibres, pharmaceuticals, plastics, clothing, and meat—and wood and paper products and tyres. Costa Rica's small light engineering in order to develop in the industry is heavily geared to rural areas, the idea appears

most more extreme and unrealistic and informally and even more frequently consult each other. Region are also complicated to channels of communications to, accord was signed in Washington on September 7, both President Carter and General Omar Torrijos, Panama's strongman, paid tribute to Costa Rica's contribution. Sr. Oduber's role is not over, though: he is still closely advising General Torrijos on his tactics to ensure ratification of the new treaty by the U.S. Senate.

Changing circumstances have given the United States, for instance, Costa Rica annoyed by the country's foreign policy. But the coherence of the American call for given to government by President Oduber has also helped to rights violations in Latin America and by "understanding" foreign affairs. Sr. Oduber's right-wing military view of his predecessor, Sr. José that leftist terrorists are the main violators of human rights, better known internationally. Similarly, in Colombia but he was also taken less August, Costa Rica joined five other countries in calling for respect for territorial integrity and self-determination in Guatemala's dispute with Britain over the disputed colony of Belize. The other countries understood their statement to mean support for Belize's independence without threat of invasion by Guatemala, but, after furious protests from Guatemala City, Costa Rica explained that it was referring to the territorial integrity of Guatemala and the self-determination of Belize. No one was of course convinced.

On the other hand, during the negotiations between the U.S. and Panama on a new canal treaty, President Oduber has been attracted to the canal treaty, President Oduber played an important role in the White House, Costa Rica's prestige as an instrument of foreign policy at the same time as Washington. Mrs. Rosalynn Carter wants to treat each country separately. Costa Rica may be neighbour to Panama and Nicaragua, but all three countries are totally different."

Costa Rica's principal hope is, of course, that American influence will accelerate the dismantling of the continent's right-wing dictatorships and strengthen the handful of traditional democracies. Already, President Oduber forms part of a cabal of civilian Latin American leaders along with Presidents José López Portillo of Mexico, Alfonso López Michelsen of Colombia; Carlos Andrés Pérez of Venezuela and Prime Minister Michael Manley of Jamaica—who meet regularly

Political relations with the region are also complicated to include other Caribbean leaders in order to create a new political and economic "region" comprising the Islands of the Caribbean and the Latin American coastal states of the area. There is even talk advanced by U.S. Ambassador Andrew Young's recent swing through the region of forming a huge development fund to lift the most backward countries of the area from poverty. Symbolising this new attitude, Costa Rica is already providing symbolic technical assistance to Haiti.

## Neighbours

Costa Rica's main foreign policy remains its relations with its closest neighbours and fellow-members of the all-inclusive Central American Common Market, Nicaragua, El Salvador, Honduras and Guatemala. Since his 31st abroad since he became President in May 1974, while he will be addressing the United Nations General Assembly on October 20, he is also expected to visit Argentina before Christmas. Intra-regional trade continues to grow, but little progress has been made in achieving monetary or customs union or in assigning industries to different countries to obtain economies of scale in the tiny 16m. person market. Without a settlement of the dispute between Honduras and El Salvador—suits, not only in terms of protecting Salvadorean goods to pass through its territory to the United States and Western Europe, Costa Rica is not yet another developing country but rather one whose model government must be defended and promoted.

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## COSTA RICA V

# Tourism begins to develop

RE IS an old narrow-gauge railway that runs from San José through the clouds and down the Caribbean coast. At an average 14 m.p.h. it winds about 14 miles through fertile land, spent \$175,000 studying a hotel along thin ledges project at Guacamaya, and the Mexican Government is expected to collaborate in a \$200m. investment programme there.

The area, accessible from the town of Liberia, which is on the local air routes, has deep sea fishing, clear bathing water, and abundant animal and plant life. The Institute intends to set up hotel accommodation for 300, a marina, cabins, a camp site and bunting and horse-riding facilities. It will have to rely on foreign loans to do so, but hopes to hire off parts of the business to private companies once they are set in motion.

Other facilities are being planned on beach sites nearby, and hillside lots are being prepared for private homes. Costa Rica has a growing community of retired Americans and gives them tax exemption if they are fairly well off.

## Planned

Club Mediterranée has been pondering setting up in an area further down the Pacific coast, and a hotel is planned on the Caribbean at Cahuita, south of Puerto Limón, where the Government has uprooted a community of American hippies.

But at the moment there is a serious shortage of hotel accommodation on the coast, while there are not many more than 2,000 hotel rooms in the country as a whole.

San José, which has only one really first-class hotel, is about to get two new ones, adding 600 rooms between them.

One is being built in conjunction with a Playboy Club, being set up under franchise and the f country—the Pacific, first in Latin America, at a cost of about \$6m. in mostly local capital—a cunning combination of the convertor-business and the bunny-watcher business. In 1973 and 223,000 in the first eight months of this, from Government incentives, according to Sr. Carpio, including exemption from import duty on Latin American goods, and 15 per cent of tourism, the year seems covering up to 50 per cent as a major contributor.

San José, however, has little national economy in itself to offer the visitor; it is now being drawn up does not have Panama's shopping on the Pacific coast of ping or gambling and possesses no interesting buildings apart

D.W.

shot up 46 per cent, to \$142m. nearby highland region known as the Zona de los Santos.

This year, coffee exports are already more than double that of last year, with sales of \$286.5m. registered up to the middle of September.

Coffee's share of Costa Rica's total foreign exchange earnings increased in the first half of this year to 48 per cent, from 24 per cent in 1976.

The extraordinary rise in coffee prices which took place up to the middle of this year has meant in this and other countries of the region that coffee-farming, which invaded much of the fertile land in the last century and appeared to have reached the end of its boom cycle, has had its importance suddenly reinstated.

Costa Rica, which two years ago was mainly a banana republic, has gone back to being a coffee republic. In 1975, banana exports, largely in the hands of two big U.S. companies, United Brands and Standard Fruit Company, exceeded coffee sales by over a third. Last year, coffee exports

D.W.



## Farming potential still to be tapped

COSTA RICA claims—and not without good reason—to produce the best coffee in the world. And although it belongs only to the middle range of producers, with the third largest harvest of Central America and about the ninth or tenth in the world, it possesses nothing more valuable at the moment than the red-budded bushes which fill its central valley.

The Government has been promoting the formation of co-operatives in order to reduce farmers' costs and in the hope of increasing stagnating yields.

The co-operatives, made up of rural areas. Most of the small farmers in the central valley are now responsible for a third have stuck with coffee, and the of total output and a quarter best coffee, grown and washed of coffee exports, according to high technical standards, is the Coffee Office in San José. produced there and in the But the neglect to which

coffee plantations were subject unable to sell its big production during the slack years before the boom has left lasting damage. The increase in earnings has disguised stagnation in the of that year's rice and suffered volume of output. Sales from heavy losses as a result. Output the 1975-76 crop, at just over last year was almost 20 per cent, bags were the lowest for six years, with little variation over that time. And although Costa Rica sold 620,000 bags abroad in the six months from October 1976, to March this year, export volume for the whole year is estimated at slightly below the 1976 level.

Sugar earnings have been hit by low world prices, but production increased in the 12 months to September 30 to 190,000 tonnes from 173,000. Beef production, based both on Indian zebu cattle and European strains, is increasing, particularly in the north and exports are expected to increase about 6 per cent to 32,000 tonnes. With continuing curbs on exports to the U.S. and the EEC, and with no new outlets within the Central American community, Costa Rica is pushing its beef elsewhere in the Caribbean. It is seeking to increase its market in Venezuela, and recently sent off a consignment of 20,000 live heifers and 2,000 bulls to Surinam.

A school of animal husbandry is being set up under a British aid scheme in order to improve ranching methods.

## Trimmed

Banana exports this year are expected to show a small drop in volume from last year, when they were trimmed from 1.1m. tonnes to 1.07m. with revenue marginally higher at \$144.6m. compared with \$144.1m.

Transport facilities have not been able to keep up with the rapid increase of banana output in the past ten years production has tripled.

Honduras and Costa Rica have already outstripped Ecuador in importance among banana exporting countries, and Costa Rican producers say they have the potential to assert a leading role.

The country's current export potential is put at as much as 20 per cent more than is actually passing through the ports and producers reckon that more than \$40m. has been thrown away in lost exports in the past three years.

Coca suffered a more serious setback last year, when output dropped 15 per cent, to 5,600 tonnes. But this year's recovery is expected to more than recoup that loss with an increase in output of some 36 per cent to 7,600 tonnes.

Rice—forming alongside beans one of the staple foods—has been cut back since 1975, when Costa Rica found itself

D.W.

## Vesco the unwelcome

COSTA RICA'S greatest single Assembly, its own party or even tune in many a year was public opinion at large. And, rival here early in 1972 with his own companies in Lee Vesco, the fugitive financial difficulties, Mr. Vesco can, financier who has seemed the ideal person to help charged with looting him, but Mr. Vesco himself, worth of capital funds anxious to leave the Bahamas, the ill-fated investors where he felt vulnerable to the Services (IOS). A extradition was only too glad which had long been to respond. On June 22, 1972, as a haven of democracy at the age of 37, the financier, where political took up residence with the legal of left and right were status of pensioner.

Costa Rica's name suddenly as a refuge for the country. President Figueres then assumed the role of his defender, arguing that Mr. Vesco was the victim of a witch-hunt in the United States. The arrival of the wealthy and stemming out of Watertown, populous financier also good its mark on the economy politics of the tiny republic. The traditionally election campaigns were won by injections of funds, business was led by a wave of take-over previously unknown in a new newspaper and, for the first time any years, Government became the prime of conversation.

While Don Pepe proudly boasted of his relationship with Mr. Vesco, it was never clear to what extent other politicians had also become entangled in the financier's network. In the campaign for the 1974 elections, when Sr. Figueres' long-time disciple, Daniel Oduber, was the winner, the so-called Vesco issue was noticeably absent from the campaign debates. In an interview this spring with The New Republic magazine, Don Pepe claimed that both Sr. Oduber and his main opponent, Dr. Fernando Trejo Escalante, had received campaign contributions from Vesco-backed companies, although the incumbent President said these funds were returned when their source was discovered.

Mr. Vesco's complex and secretive corporate and financial methods—familiar to those who followed his "rescue" of the country's then President, José Figueres. At the time, he was the head of this power, Costa Rican which also made him a national figure. But the President also no longer felt answerable to the Interamerican

Capital SA, which, according to local Vesco-watchers, owns the Panamanian-registered holding company, Números SA, which in turn controls separate holding companies for Mr. Vesco's companies in the Bahamas, Panama, and Costa Rica. The financier is believed to own some 55 companies, in the country but, since new companies are constantly being formed and others disappearing, this figure is less than authoritative. Certainly, Mr. Vesco owns several large estates—he even recently took over some of Don Pepe's land in lieu of debt payments—and is also involved in finance companies, communications, hotels, and restaurants. Some of his interests, however, as with the newspaper *Excelsior*, are simply through loans.

During the past three years, Mr. Vesco has nevertheless succeeded in adopting a lower profile, with his name sometimes staying out of the public eye for months on end. Sr. Figueres' controversial intervention in the so-called "Vesco Law" of November, 1973, making the virtually impossible to extradite the financier.

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## Costa Rica at a glance

**Costa Rica is located in Central America between Nicaragua and Panama, and has a population of 2,017,986 (July 1976).**

**Language:** Spanish. However, English is widely used.

**Principal City:** San José, capital of Costa Rica. **Currency:** The Costa Rican monetary unit is the "Colón." One U.S. dollar is equivalent to 8.60 colones. Besides Costa Rica's national banks, which handle foreign business, there are numerous international banks in Costa Rica. Major credit cards and travellers' checks are widely accepted.

**Government:** Costa Rica has been called the most democratic country in the world. It's known for political stability and orderly transition of government. The President is elected by popular vote for a four-year term. Costa Ricans are proud of the fact that they have no army; law and order being maintained by a civilian police force.

**History and Ancestry:** Discovered by Christopher Columbus in his fourth voyage. Costa Rica became independent in 1821. Costa Ricans are mostly of Spanish and European ancestry with little descendants from the pre-Columbian Indian population.

**Climate:** The annual temperature varies from 20 to 25 degrees C. in San José. Other extremes may be found in the cool mountains or warm sunny beaches. Spring-weight clothing is suggested.

**Telephone:** Modern automatic dial system featuring international direct-dialling.

**Local Transportation:** Taxis, rental cars, buses, trains, commercial and charter planes are available at reasonable rates.

**Medical Facilities:** Costa Rica is proud of its fine, efficient hospitals and medical facilities. Resident physicians are available at all major hotels.

**Credit Cards & Travellers Checks:** Major credit cards and travellers checks are widely accepted.

**Customs Requirements:** Personal effects of the traveller, as detailed below, will be considered as baggage:

a. Used clothing.

b. Articles for personal use, such as jewellery, handbags, umbrellas, etc., all used and in quantity proportional to the personal needs of the traveller.

c. Medicine, food for children or ill persons. Medical articles and equipment, health or toilet articles, in quantities adequate for the needs of the traveller. This equipment must be portable and show it is used.

d. Used sporting articles, the baby carriage and toys of travelling children; and a wheel chair if the passenger is disabled.

e. A portable photographic camera and a movie camera with their corresponding accessories all used; up to six rolls of film for each, and a pair of binoculars.

f. A typewriter, a sound recorder, a radio. Art, trade professional or occupational tools and instruments of the traveller, provided they are portable and used. The above does not include full equipment for shops, offices, laboratories, etc.

g. A used portable musical instrument and its accessories.

h. Books and manuscripts, non-commercial photographs and photo-engravings.

i. Five hundred grams of processed tobacco, and three litres of wine or alcoholic beverages. If the traveller is of legal age, and two kilograms of sweets.

j. Those national or previously imported articles which, having been reported at customs in Costa Rica, when the traveller departed, and being brought back.

k. Hunting weapons and up to two hundred loaded cartridges, including a revolver or pistol, a tent and equipment needed for camping. Provided it is proven beyond any doubt that the traveller is a tourist. The entrance of fire-arms and ammunition will be subject to the laws enforced by the country for these objects.

**i. Spare tyres which are not mounted on a wheel and inflated may not be imported. For specific information on customs, taxes, please write to: Dirección General de Aduanas (General Customs Bureau), P.O. Box 10,023, San José, Costa Rica.**

**Citizens of the United Kingdom need not obtain a visa or a tourist card to enter Costa Rica, only having to present an official migratory identification document, a ticket of departure from Costa Rica, and demonstrate that they have with them for their stay a, minimum of US\$150.00. Such tourists are authorised to remain the country for a period of 90 days and may obtain authorisation to stay for an additional 90 days.**

**Transportation to and from Costa Rica: Points of embarkation from the U.S. are: Miami, New Orleans, and Los Angeles, with connections to Central and South America, the Caribbean, and the rest of the world. Airlines presently operating to Costa Rica are LACSA (national airline), Pan Am, Taca, Sam, Iberia, Viasa, Sahsa and Copa.**

**Hotels and Resorts:** Costa Rica offers a variety of hotel accommodations ranging in price from (U.S.) \$8 to \$86.00 per day, with approximately 80 hotels available. Several hotels offer seminar and convention facilities. Mountain, beach, and fishing resorts are available at reasonable rates. For further information please contact: Costa Rica Hotel Association (Asociación Costarricense de Hoteles y Aéreas), Apdo. 1063, San José, Costa Rica.

**Main Attractions:** The National Museum with its ancient collection of gold and Indian pottery and jade. Exciting trip to the top of the Irazu Volcano. Colonial ruins in the Orosi Valley. A breathtaking jungle ride from San José to the Caribbean port of Limón. The Indian gold collection at the Costa Rica Central Bank. The National Theater an outstanding example of Renaissance architecture. Handicraft centers and Sunday markets. The factory of hand painted oxcarts at Sarchi. The lagoons of Tortuguero on the Caribbean coast with excellent fishing.

**Nightlife:** San José offers a great variety of restaurants, night clubs, and discotheques.

**Sports:** Costa Rica is also known for its variety of sports activities. These include: Soccer, baseball, polo, tennis, golf, squash, archery, and handball, etc. Costa Rica is famous for its spectacular sports fishing. Waterskiing on a lake at an altitude of 3,000 feet or on the Pacific Ocean.

**Arts & Crafts:** A large variety of arts and crafts are available including art pottery, leatherwork, woodcarvings, hand painted fabrics, gold and silver ornaments, replicas of pre-Columbian gold artifacts.

**Beaches:** Costa Rica offers two coasts, the Caribbean (Atlantic) with lush tropical vistas, and the Pacific with beautiful virgin beaches on a highly colourful mountain background. Mountains: Costa Rica is world known for its lush rolling hills and mountains offering some of the most breathtaking panoramas in the Americas.

**Tourist Assistance & Information:** Costa Rica Tourist Board (Instituto Costarricense de Turismo) maintains a strategically located downtown office to assist tourists in making their stay more enjoyable. ICT office location in San José: Central Street, between 4th and 6th Ave., San José, Costa Rica. Phone 23-17-33.

**Additional Information in the U.S.:** Contact the following Costa Rica Tourist Board (ICT) offices: New York: 630 Fifth Ave., Room 242, New York, N.Y. 10020. Phone: (212) 245-6370. Miami: 38 Biscayne Blvd., Miami, Fla. 33132. Phone (305) 358-2151.

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Nov. Lead Inds. 100	166	79.9	97.37	24	0.5	4.0	5.7	7.2	July Sun Alliance Co.	652	23.0	18.82	—	—	—	—	—	11.7	5.94	1.2	2.94	45	11.4	4.26	9.2	11.1
Ang. Lead Inds. 100	167	79.9	94.09	—	—	—	—	—	June Sun Life Ins.	652	23.0	15.11	—	—	—	—	—	11.7	5.94	1.2	2.94	45	11.4	4.26	9.2	11.1
Ang. Lead Inds. 100	168	79.9	71.45	—	—	—	—	—	April Prud. Corp. EDR	700	23.0	11.7	—	—	—	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
May. Lead Inds. 100	169	79.9	55.01	—	—	—	—	—	Nov. National Inds. Co.	700	23.0	11.7	—	—	—	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
April. Levee Barins	170	52.0	52.17	2.0	0.5	3.0	11.6	—	July Sun Travelers 250	210	19.0	17.64	—	—	—	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
July. Leigh Inds. 50	171	12.4	12.53	2.7	0.5	2.0	16.9	—	Dec. June Willis Faber	293	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Aug. Leisure Car. 100	172	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Aug. Leisure Car. 100	173	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
My. Oct. Leisure Inds. 100	174	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Sept. Leisure Inds. 100	175	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Leisure & Wins.	176	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Mar. Leisure & Wins.	177	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
July. Leisure & Wins.	178	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Sept. Leisure & Wins.	179	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
May. Leisure & Wins.	180	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Aug. Leisure & Wins.	181	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Sept. Leisure & Wins.	182	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Leisure & Wins.	183	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
July. Leisure & Wins.	184	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Sept. Leisure & Wins.	185	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Aug. Leisure & Wins.	186	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Sept. Leisure & Wins.	187	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Leisure & Wins.	188	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
July. Leisure & Wins.	189	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Sept. Leisure & Wins.	190	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Aug. Leisure & Wins.	191	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Sept. Leisure & Wins.	192	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
Leisure & Wins.	193	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1
July. Leisure & Wins.	194	12.4	12.53	2.7	0.5	2.0	16.9	—	Mar. Nov. Lend Lease 250	220	23.0	14.02	2.4	0.0	14.9	—	—	12.0	5.91	1.0	2.51	15	10.9	4.27	9.2	11.1</td

